

In The Matter Of:

*Senate Committee on Governmental Affairs
Special Investigation*

Deposition of Fred Volcansek

July 21, 1997

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UNITED STATES SENATE
COMMITTEE ON GOVERNMENTAL AFFAIRS
In the Matter of:
SPECIAL INVESTIGATION

Washington, D.C.

Monday, July 21, 1997

The deposition of FRED VOLCANSEK, called
for examination by counsel for the United States Senate,
Committee on Governmental Affairs, Room SD-3224, Senate
Dirksen Office Building, commenced at 4:08 p.m., before
Thomas C. Bizio, a notary public in and for the District
of Columbia, when were present on behalf of the parties:

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APPEARANCES:

On behalf of the Committee on
Governmental Affairs:

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CASSANDRA F. LENTCHNER, ESQ.

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On behalf of the Deponent Fred Volcansek:

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Covington & Burling

1201 Pennsylvania Avenue, N.W.

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ALSO PRESENT:

PETE ZERN, Legal Intern

Covington & Burling

LARRY GURWIN, Chief Investigator

Special Investigation, Minority Staff

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PROCEEDINGS

Whereupon,

FRED VOLCANSEK

was called for examination by counsel for the Committee on
Governmental Affairs and, having been first duly sworn by
the notary public, was examined and testified as follows:

MR. FRENKEL: Good afternoon, Mr. Volcansek.

Thank you for coming in.

I guess we can just go around and introduce
ourselves. I am Jonathan Frenkel, and I am an associate
counsel for the Minority of the Governmental Affairs
Committee.

MR. GURWIN: My name is Larry Gurwin. I am the
chief investigator for the Minority.

MR. PERRY: Phil Perry with the Majority.

MR. ZERN: Peter Zern with Covington & Burling.

MR. BURCHFIELD: I am Bobby Burchfield of
Covington & Burling, representing Mr. Volcansek.

A couple of matters before we get started,
actually only one matter. As I understand the Committee's
mandate here, it is to investigate matters involving
potential illegality in connection with the 1996 election.

It is Mr. Volcansek's understanding, our understanding, that
you are especially interested in a particular loan
transaction that was made between-involving the National

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(1) Policy Forum, Signet Bank, and guaranteed by Young Brothers
(2) Development USA, and he is prepared to answer questions
(3) about that.

(4) We will take, obviously, on a question-by-question
(5) basis as to whether you are within or without the scope of
(6) the mandate, but it is our intention to be responsive and
(7) forthcoming today. There may be instances in which I don't
(8) see a connection between your line of questioning and the
(9) '96 election, and I will make inquiry of you if that happens
(10) to be the case, but my expectation is that this will go
(11) smoothly and quickly.

(12) MR. FRENKEL: I can hope for smooth. I can't
(13) promise quick, but I appreciate your comments, Mr.
(14) Burchfield.

EXAMINATION BY COUNSEL FOR THE MINORITY
COMMITTEE ON GOVERNMENTAL AFFAIRS
BY MR. FRENKEL:

(15) Q: Mr. Volcansek, obviously, Mr. Burchfield is an
(16) extremely good lawyer with one of the best law firms in
(17) Washington, D.C., and the country, but do you understand
(18) what a deposition is?

(19) A: Yes.

(20) Q: Just very briefly, since I am sure Mr. Burchfield
(21) would have reviewed this with you, you understand that you
(22) are under oath. I will be asking the questions for the most

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(23) part. Mr. Perry will have an opportunity at the end of the
(24) questions to ask you any questions if he has any on behalf
(25) of the Majority. You answers will be taken down by the
(26) court reporter, and because of that process, it is necessary
(27) for you to give an audible answer. So, if you shake your
(28) head, I will have to ask you did that mean yes or no, and
(29) similarly, if you give an "uh-huh" or an "uh-uh," I will
(30) have to ask for a clarification of whether that meant yes or
(31) no.

(32) Speaking of clarifications, my goal will be to ask
(33) you clear and understandable questions. If, however, there
(34) is something in my question you don't understand or need
(35) clarified, please let me know and I will certainly attempt
(36) to clarify it as best as I can. Otherwise, we will assume
(37) you understood the question and that your answer is given in
(38) response to that question.

(39) If you need a break at any time during the
(40) proceedings, please let us know and we will certainly try to
(41) accommodate you at that moment or as soon as possible
(42) thereafter.

(43) Do you have any questions about anything I have
(44) said?

(45) A: No, thank you.

(46) Q: Is there anything preventing you from giving a
(47) full, accurate, and complete testimony as you sit here this

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(48) afternoon?

(49) A: No.

(50) Q: Have you taken any prescription or
(51) over-the-counter medications today that might affect your
(52) ability to recall events as completely as you otherwise
(53) would?

(54) A: Not that I don't normally take.

(55) MR. FRENKEL: Let's go off the record for a
(56) second.

(57) [Discussion off the record.]

(58) BY MR. FRENKEL:

(59) Q: Off the record, you just indicated the kind of
(60) medication you are taking, which I don't see any need
(61) necessarily to put on the record, but the medications that
(62) you just indicated off the record, have you ever had an
(63) experience where because of taking those medications, you
(64) have trouble recalling things clearly or precisely?

(65) A: No.

(66) Q: Thank you.

(67) Could you please give me a sense of your post-high
(68) school education?

(69) A: I have a degree, a Bachelor of Science Degree from
(70) Texas Tech University.

(71) Q: Any other degrees other than from Texas Tech?

(72) A: No.

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(1) Q: What was your degree in?
(2) A: Physical education.
(3) MR. FRENKEL: We have another entrance. Why don't
(4) you note your appearance.
(5) MS. LENTCHNER: I am Cassandra Lentchner, with
(6) Minority staff.

BY MR. FRENKEL:

(7) Q: Other than the completion of your degree at Texas
(8) Tech, have you been enrolled in any other degree-granting
(9) programs?

(10) A: No, I have not.

(11) Q: Give me a sense of your post-college employment.

(12) A: Upon completion of my degree at Texas Tech
(13) University, I was commissioned a second lieutenant in the
(14) United States Marine Corps. I served in the Marine Corps
(15) for in excess of five years, with tours in the Republic of
(16) Vietnam; Paris Island, South Carolina; and Dallas, Texas.
(17) I resigned my commission from the Marine Corps and
(18) had the opportunity to work for a manufacturing company in
(19) the coatings industry, and then I had an opportunity to work
(20) in the building materials industry. And I was in the real
(21) estate profession, developing both residential and
(22) commercial real estate.

(23) Q: I don't mean to interrupt you, but to the extent
(24) you can, can you put some years around these activities?

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(1) A: I was in the Marine Corps from 1967 to 1973. From
(2) 1973 to 1978, I was in the exterior coatings industry as a
(3) sales representative and district manager for a company.

(4) Q: Do you recall the name of that company?

(5) A: The name of the-

(6) MR. BURCHFIELD: Excuse me, Mr. Frenkel. You can
(7) ask the witness more limited questions and he can give you
(8) more limited answers, but if you ask him a broad question
(9) like that, I am going to have to insist that you let him
(10) finish his answer. If you want to come back and ask him
(11) questions about it, you obviously can, but I don't want to
(12) get into the habit of him trying to answer a broad question
(13) and you interrupting him, and maybe the record appearing
(14) inaccurate that he has given you a full answer to your
(15) question when, in fact, he is only partially through his
(16) answer.

(17) So why don't we let him go walk through his
(18) background, or maybe you want to withdraw the question, but
(19) the record just needs to be clear one way or another whether
(20) you are asking him to answer the full question and giving
(21) him an opportunity to do so or whether you are interrupting
(22) him and withdrawing the questions previously asked.

(23) MR. FRENKEL: We both agree that we need a clear
(24) record.

BY MR. FRENKEL:

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(1) Q: If at any time you feel that I am interrupting you
(2) and not allowing you to answer, it is not my intention to
(3) cut you off at any point today. If you feel that you
(4) haven't had a full opportunity to answer a question, please
(5) indicate that and we will certainly allow you to do that.

(6) The question was if you recall the name of the
(7) company in the coatings industry.

(8) A: The company was Olympic Stain.

(9) Q: If you could continue?

(10) MR. BURCHFIELD: Well, this question continues to
(11) go through his background.

(12) MR. FRENKEL: Yes, sir.

(13) THE WITNESS: I was a district manager and an area
(14) sales representative with that company. I also worked for a
(15) company called Staaco Distributing in Salt Lake City, Utah,
(16) and I worked for that company for a little over two years.
(17) And then I formed my own company in 1981 and owned my own
(18) company, Republic Group, Lone Star Investments, from then
(19) until 1988 when I had the opportunity to--in 1989--excuse
(20) me--where in I had the opportunity to serve in the Bush
(21) administration. In the period from 1980 to 1988, I was a
(22) mortgage banker, and I built, developed, in conjunction with
(23) other partners, office buildings, hotels, motels. I
(24) developed residential real estate and participated in other
(25) investments.

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BY MR. FRENKEL:

(1) Q: In the real estate and mortgage banking field that
(2) you worked, were there any particular companies you were
(3) associated with?

(4) A: We built motels for both Holiday Inn and for
(5) Comfort Inn, which it was a subsidiary of Quality Inns
(6) International, which now goes under a different name, and
(7) those are the primary names.

(8) Q: I guess my question probably wasn't as clear as it
(9) could have been. The companies that you worked for or
(10) owned, whichever it was, were there particular names for
(11) those companies as opposed to who your clients--

(12) A: I gave those names to you just a minute ago, with
(13) the Republic Group, and I said Lone Star Investments.

(14) Q: Following that period, did you say you came to
(15) work for the Bush administration?

(16) A: That's correct.

(17) Q: What position did you have with the Bush
(18) administration?

(19) A: I first served as the director of External Affairs
(20) in the Office of the Secretary of Commerce. I then was the
(21) Deputy Assistant Secretary for Basic Industries and Trade
(22) Development of the International Trade Administration, and
(23) finally, I was the Acting Deputy Under Secretary of the
(24) International Trade Administration.

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(1) Q: Was that your final position with the Bush
(2) administration?

(3) A: That was my final assignment.

(4) Q: How did you come to serve in the Bush
(5) administration?

(6) MR. BURCHFIELD: Object to form.

BY MR. FRENKEL:

(7) Q: You may answer the question.

(8) A: I have--was involved in the Bush campaign of 1988,
(9) Bush-Quayle campaign.

(10) Q: How were you involved in the Bush-Quayle '88
(11) campaign?

(12) A: I served in an advance and logistics role for the
(13) Quayle portion of the campaign.

(14) Q: How did you move from when the campaign ended to
(15) receiving a job offer in the Department of Commerce?

(16) A: I--

(17) MR. PERRY: Excuse me. I am going to make a scope
(18) objection here. I understand that you are working on
(19) background, to some extent here, but I think you are
(20) starting to do a substantive examination about affairs that
(21) take us back to 1988 and 1989. Clearly, that is outside of
(22) scope. So let me make that as a standing objection, and to
(23) the extent you continue to inquire about such affairs, I
(24) object on the basis of scope.

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BY MR. FRENKEL:

(1) Q: You can answer the question, please.

(2) A: Why don't you repeat the question.

(3) Q: Sure. I think the question was how you went from
(4) at the completion of the Bush-Quayle campaign into the
(5) Department of Commerce.

(6) A: I served in the Presidential--

(7) MR. BURCHFIELD: Excuse me. Object to form, and
(8) also, I join the scope objection, but go ahead and answer.

(9) THE WITNESS: I served in the Presidential
(10) Inaugural Committee in the transition from the campaign to
(11) the actual administration.

BY MR. FRENKEL:

(12) Q: Again, just trying to link up, how did you move
(13) from--I'm sorry. I'm lost already. The Presidential
(14) Inaugural?

(15) A: It was PIC, P-I-C, the Presidential Inaugural
(16) Committee.

(17) Q: From the committee to the Department of Commerce?

(18) A: I was asked by members of the White House and the
(19) Department of Commerce to join the office of Secretary
(20) Mosbacher.

(21) Q: Do you recall who asked you?

(22) A: I was asked both by the chief of staff at the
(23) Department of Commerce and the assistant to the President

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[1] for Special Initiatives, Stephen Studdert.
[2] Q: Is Mr. Studdert hold both positions that you just
[3] mentioned?
[4] A: No. The chief of staff at the Department of
[5] Commerce was a gentleman named Craig Helsing.
[6] Q: Just very briefly, while you were at the
[7] Department of Commerce, I think you mentioned the ITA. Is
[8] that correct?
[9] A: Yes.
[10] Q: Did that involve any trade missions on behalf of
[11] the Department of Commerce to foreign countries?
[12] A: Yes, it did.
[13] Q: Can you tell me just very briefly what that
[14] entailed?
[15] MR. BURCHFIELD: Let me ask, Mr. Frenkel, how do
[16] you view that question and this inquiry as related to the
[17] mandate of the Committee.
[18] MR. FRENKEL: It's related in the sense that some
[19] of the matters the Committee is investigating regarding
[20] other people, not Mr. Volcansek, involve some activities
[21] that took place at the Department of Commerce. I am just
[22] trying to understand what Mr. Volcansek was doing at the
[23] Department of Commerce in that time period.
[24] MR. BURCHFIELD: Well, is it your position that
[25] the Committee is investigating events that went on at the

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[1] Department of Commerce during the time Mr. Volcansek was
[2] there, or are you trying to draw some sort of analog between
[3] what happened when Mr. Volcansek was there and what may have
[4] happened subsequent to the time he was there?
[5] MR. FRENKEL: The latter. I am trying to
[6] determine if there is an analog. I am not saying there is
[7] or there is not. I am just trying to understand what took
[8] place.
[9] MR. BURCHFIELD: Is this part of what has commonly
[10] become known as the everybody-does-it-matter defense?
[11] MR. FRENKEL: I don't know whether it's a defense
[12] or not. I am really just trying to understand what Mr.
[13] Volcansek did.
[14] MR. BURCHFIELD: Well, I am going to let him
[15] answer this within some limits, but I do think it is
[16] temporally and subject matter-wise well outside the scope of
[17] the Committee, but, Mr. Volcansek, maybe the Reporter can
[18] re-read the question for us.
[19] [The Reporter read back the requested portion of
[20] the record.]
[21] THE WITNESS: I was responsible for the
[22] development of all trade missions involving the Secretary of
[23] Commerce, and then, subsequently, all trade missions that
[24] fell under my responsibility to the offices that I held in
[25] the trade development area.

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[1] BY MR. FRENKEL:
[2] Q: Who in the Department of Commerce while you were
[3] serving at the Department of Commerce had the final word
[4] concerning which companies or representatives of companies
[5] would travel on these foreign trade missions?
[6] MR. BURCHFIELD: Same objections. Mr. Volcansek,
[7] you can answer this question, if you know the answer.
[8] MR. FRENKEL: If you want, you can just stipulate
[9] that you have a standing objection to the entire line. I
[10] think you did already. That's fine.
[11] MR. BURCHFIELD: Well, yes, but I--
[12] MR. FRENKEL: If you want to make it each time,
[13] that's fine, too.
[14] BY MR. FRENKEL:
[15] Q: Please answer the question.
[16] A: Repeat the question.
[17] Q: Who at the Department of Commerce while you were
[18] serving there had the final determination as to what company
[19] or representative of a company would travel on one of these
[20] foreign trade missions?
[21] A: The question isn't specific enough for me because
[22] I divined two types of trade missions, those involving
[23] Secretarial travel and those which I controlled. So you
[24] have two different situations here.
[25] Q: Again, very briefly, what are the distinctions?

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[1] What is a Secretarial trip, other than obviously the fact
[2] that the Secretary of Commerce personally traveled? What
[3] kind of a trip would the Secretary travel on?
[4] MR. BURCHFIELD: Object to form, foundation,
[5] scope. You can answer.
[6] THE WITNESS: Trade missions that involve the
[7] Secretary of Commerce were decided by a group that involved
[8] the Office of Business Liaison, the chief of staff, the
[9] counselor to the Secretary, and those companies that applied
[10] or expressed interest would from the areas within the
[11] International Trade Administration that those companies were
[12] applicable to.
[13] So, if you ask the question who was the final say,
[14] I can't answer that question. It was a group decision.
[15] BY MR. FRENKEL:
[16] Q: Focussing now just on those trips involving the
[17] Secretary of Commerce, could you identify actually while you
[18] were at the Department who was the Secretary of Commerce?
[19] A: The Secretary of Commerce during the initial part
[20] of my tenure was Secretary Robert Mosbacher, and at the end
[21] of my tenure, it was Secretary Barbara Franklin.
[22] Q: The general procedures for determining who would
[23] travel on a trip where the Secretary of Commerce would also
[24] be traveling with is essentially the same between Secretary
[25] Mosbacher and Secretary Franklin?

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[1] MR. BURCHFIELD: Object, foundation.
[2] THE WITNESS: I can't really answer that question
[3] because I was not involved in the trade missions that
[4] Secretary Franklin participated in.
[5] BY MR. FRENKEL:
[6] Q: Okay. Focussing then just on the ones with
[7] Secretary Mosbacher where he would personally travel, did
[8] you have any role in recommending companies or
[9] representatives of companies to accompany the Secretary on
[10] his foreign travel?
[11] A: No, I did not.
[12] Q: You also mentioned a second category of foreign
[13] trips, which I believe you did have some more input into.
[14] Can you describe those very briefly?
[15] A: As Deputy Assistant Secretary for Basic
[16] Industries, I led a couple of missions or participated along
[17] with the Assistant Secretary of Commerce for Trade
[18] Development, missions in which I was involved in the
[19] decision-making for companies that participated in that
[20] process.
[21] Similarly to the Secretarial missions, we had
[22] participants from the specific areas in which desk officers
[23] and/or industry officers from within Trade Development would
[24] be involved in the process of recommending companies to
[25] participate in the process, and it was a group decision.

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[1] Q: Who was involved in that group decision?
[2] A: I was involved in the decision. The
[3] Assistant-when the Assistant Secretary was involved, he was
[4] involved in the decision. The desk officers and the officer
[5] directors from the appropriate areas within Trade
[6] Development and within--specifically within basic industries
[7] or when it included other sectors within Trade Development,
[8] the DAAs from those areas, as well as the officers--the
[9] industry officers and office directors.
[10] Q: For this second category of trips, for ease of
[11] reference for the deposition, I will just call them
[12] non-Secretary trips.
[13] Did anyone from outside the Department of Commerce
[14] make recommendations as to what companies or representatives
[15] of companies should travel on these non-Secretary trips?
[16] MR. BURCHFIELD: Object; foundation, scope, form.
[17] You can answer.
[18] THE WITNESS: Sometimes we would have
[19] recommendations from the trade associations wherein they
[20] might support a company or a couple of companies when we
[21] were getting close to being filled on a particular trade
[22] mission, and they would like to ask for someone else to come
[23] in order not to detract from the quality of service that we
[24] would provide. Sometimes there would be requests from the
[25] trade associations for companies to participate. Outside of

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(1) that, no.
(2) **BY MR. FRENKEL:**
(3) **Q:** On any of the non-Secretary trips, do you recall
(4) whether any suggestions or recommendations were ever made
(5) from the White House or the Executive Office of the
(6) President?
(7) **A:** For non-Secretarial trips?
(8) **Q:** Yes, sir.
(9) **A:** I cannot remember a single time that the White
(10) House intervened in any of the trade missions.
(11) **Q:** Do you recall on Secretarial trips whether there
(12) was any recommendation or suggestion made either by the
(13) White House or anyone else within the Executive Office of
(14) the President about potential individuals to accompany the
(15) Secretary abroad?
(16) **MR. BURCHFIELD:** Objection; scope, form,
(17) foundation. I believe he's already told you, Mr. Frenkel,
(18) that he wasn't involved in those decisions. You--
(19) **MR. PERRY:** And let me make-I'm sorry to
(20) interrupt you, sir. Go ahead.
(21) **MR. BURCHFIELD:** No, I'm finished.
(22) **MR. PERRY:** Let me just add that we have been
(23) about 15 minutes now apparently investigating the Commerce
(24) Department during the Bush administration, when you've
(25) admitted that there is no clear link in your mind between

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(1) the activities you are questioning about and anything
(2) involving the 1996 Presidential, congressional, or any other
(3) campaigns for that matter.
(4) My view is that this is an abuse of the power that
(5) you have as a member of the Minority staff, and I would urge
(6) you to leave this area now and get onto the examination of
(7) the witness with respect to the matters we are
(8) investigating.
(9) **MR. BURCHFIELD:** And, Mr. Frenkel, I would just
(10) further remind you that our time here is limited today. We
(11) made an accommodation to the Minority staff to come in this
(12) afternoon, and Mr. Volcansek has already had quite a long
(13) day. Maybe you want to take into account the fact that you,
(14) I assume, have other ground to cover.
(15) **MR. FRENKEL:** I do.
(16) **BY MR. FRENKEL:**
(17) **Q:** Do you recall the question that was prior to Mr.
(18) Perry and Mr. Burchfield's objections?
(19) **A:** Why don't you ask it again, please.
(20) **Q:** I believe the question was, on any trips that the
(21) Secretary of Commerce traveled on, whether you are aware of
(22) any suggestions made by the White House or any employee of
(23) the Executive Office of the President on who should
(24) accompany the Secretary on a foreign trip.
(25) **MR. BURCHFIELD:** Same objections.

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(1) **THE WITNESS:** I am not aware. I wasn't involved
(2) in that process.
(3) **BY MR. FRENKEL:**
(4) **Q:** Turning back, again, to the non-Secretary trips,
(5) are you aware of any suggestions made by--other than the
(6) trade associations that you previously testified
(7) to--suggestions made by others outside the Federal
(8) Government about who should travel on one of these
(9) non-Secretary trips?
(10) **MR. BURCHFIELD:** Object to asked and answered.
(11) You may answer again.
(12) **THE WITNESS:** I'm not aware of anybody that wasn't
(13) the specific company that was asking to be a participant
(14) itself.
(15) **BY MR. FRENKEL:**
(16) **Q:** What did you do following your departure from the
(17) Department of Commerce?
(18) **A:** I represented a few companies in their interest to
(19) participate in international business development.
(20) **Q:** What does that mean exactly? Were you a lobbyist
(21) of some sort, or was it a--I didn't understand your answer.
(22) **A:** I was not a lobbyist. I represented companies
(23) that were interested in international market development
(24) within given markets.
(25) **Q:** I am not trying to be difficult, but what does

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(1) that mean? Does that mean that you're an investment adviser
(2) or something along those lines?
(3) **A:** If a company asked me to help them, I would assist
(4) the company in analyzing opportunities in a given market,
(5) depending on where the market was and depending on the scope
(6) of the interest of the company.
(7) **Q:** Did you set up a company to do that work?
(8) **A:** No. I operated as a sole proprietor.
(9) **Q:** Does that continue to be your employment?
(10) **A:** No, it does not.
(11) **Q:** Following your activities as the sole proprietor
(12) giving--I don't exactly know how to characterize it, but
(13) what you just testified, what was the next--I'm just trying
(14) to get your background again. What did you do after that?
(15) **A:** After being a sole proprietor, I became vice
(16) president for Business Development for Mosbacher Power
(17) Group.
(18) **Q:** Where is that located?
(19) **A:** In Houston, Texas.
(20) **Q:** Is that your current position?
(21) **A:** It is one of my current positions.
(22) **Q:** What are your other current positions?
(23) **A:** I am also the president of Mosbacher Brazil
(24) Limitada.
(25) **Q:** Any other positions that you have with the

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(1) Mosbacher Group?
(2) **A:** No, that's it.
(3) **Q:** Mosbacher, is that owned by the former Secretary
(4) of Commerce, Robert Mosbacher?
(5) **A:** Mosbacher Power Group is owned by Secretary Robert
(6) Mosbacher and his family, as well as Quixx Corporation.
(7) **Q:** What kind of corporation is that?
(8) **A:** Quixx Corporation is an unregulated subsidiary of
(9) Southwest Public Service.
(10) **Q:** What about the other company you mentioned, Brazil
(11) Limitada, if I got that right?
(12) **A:** It is a part of Mosbacher Power Group, a
(13) subsidiary.
(14) **Q:** I'm sorry?
(15) **A:** A subsidiary.
(16) **Q:** Are you a member of the board of directors of--is
(17) it called the Mosbacher Group?
(18) **A:** Mosbacher Power Group is the company that I worked
(19) for.
(20) **Q:** And are you a member of the board of directors at
(21) Mosbacher Power Group?
(22) **A:** No, I am not.
(23) **Q:** Are you a member of the board of directors of any
(24) entity within the Mosbacher business reach?
(25) **MR. BURCHFIELD:** Object to form. Within the

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(1) Mosbacher corporate structure, would that be another way to
(2) put it?
(3) **MR. FRENKEL:** That's a better way of articulating
(4) it than I did, yes.
(5) **THE WITNESS:** Ownership of some projects is owned
(6) by companies in which I sit on the board of directors, yes.
(7) **BY MR. FRENKEL:**
(8) **Q:** Can you describe that briefly?
(9) **A:** I sit on the board of directors of a company that
(10) owns a project in Cambodia. It's a power generation
(11) project.
(12) **Q:** Any other projects?
(13) **A:** That's the only project that I sit on the board of
(14) directors. It's owned by two companies, and I sit on the
(15) board of directors of each of the two companies that own
(16) that particular project.
(17) **Q:** Are the two companies that own that particular
(18) project also within the Mosbacher corporate structure?
(19) **A:** Can I stop for a second?
(20) **MR. BURCHFIELD:** Well, the question is a little
(21) difficult to understand.
(22) Is your question whether the companies on which
(23) Mr. Volcansek sits on the board of directors for this
(24) Cambodia power project are all--are subsidiaries or
(25) affiliated of the Mosbacher Power Group?

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1 MR. FRENKEL: That's a fair question.
2 MR. BURCHFIELD: Okay.
3 Can you answer that question, if you know?
4 THE WITNESS: No, I can't answer that question,
5 simply because I don't-you know, I don't know their legal
6 structure, legal structures for the ownership of the
7 company, and it gets into complicated legal issues that, you
8 know, I don't understand at this point.
9 BY MR. FRENKEL:
10 Q: What about the Brazil entity that you were
11 president of? Are you on the board of directors for that
12 entity?
13 A: Yes, I am.
14 Q: What did you first learn of the existence of the
15 National Policy Forum?
16 A: In early 1993.
17 Q: Can you approximate when in 1993?
18 A: Actually, it would have been in the winter of-no,
19 it would have been-excuse me. I'm sorry. It would have
20 been in the winter of '93 and early spring of '94.
21 Q: How did you come to learn about the National
22 Policy Forum?
23 A: My longtime friend, Dan Denning, introduced me to
24 the National Policy Forum.
25 Q: At that point, was Mr. Denning an employee of the

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1 NPF?
2 A: Yes, he was.
3 Q: What did Mr. Denning tell you about the NPF?
4 MR. PERRY: During that time frame, right?
5 MR. FRENKEL: Well, I imagine he can't tell me
6 about before he met him.
7 MR. PERRY: Well, I am just trying to figure out
8 what did he tell when he introduced him because that way you
9 are asking-introduce him to the National Policy Forum.
10 BY MR. FRENKEL:
11 Q: Did you understand the question?
12 A: I'm understanding the question that you're telling
13 me, that you're asking me when he introduced me to the
14 National Policy Forum, what did he tell me.
15 Q: Yes, when you first learned about it.
16 A: He told me that the National Policy Forum was a
17 think tank that had been set up by Haley Barbour and others
18 to provide an opportunity for discussion of Republican
19 ideas.
20 Q: Were you familiar with Mr. Barbour?
21 A: I was familiar with him.
22 Q: Do you know what his role was in the late winter
23 of '93 or the spring of '94?
24 A: He was the chairman of the National Policy Forum.
25 Q: Did you also know that he was chairman of the

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1 Republican National Committee?
2 A: Yes, I did.
3 Q: Did you ask Mr. Denning in this
4 conversation-well, let's ask it this way. Did you
5 essentially have one conversation with Mr. Denning about the
6 NPF when he was first hired there?
7 A: No. I had numerous conversations. Mr. Denning
8 and I are longtime friends, and we talk about each other's
9 jobs and we talk about what he was doing and-
10 Q: Let's take the period, December '93, which I think
11 I can remember it was about when Mr. Denning started at the
12 NPF until April 1, 1994. What, if anything, did you learn
13 from Mr. Denning about Haley Barbour's involvement in the
14 day-to-day operations of the NPF?
15 A: From the winter of '93 through the spring of '94,
16 the only thing that I was aware that Mr. Barbour was the-he
17 was the chairman of the National Policy Forum. We actually
18 had very little discussions about Mr. Barbour.
19 Q: Did you ever in that period, December '93 to
20 beginning of April 1994-did you ever ask Mr. Denning what
21 association, if any, there was between the RNC and the NPF?
22 A: No, I did not.
23 Q: Did he ever make any statements to you about his
24 opinion about what association there was, if any, between
25 the RNC and the NPF?

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1 A: Are you talking about what was the association
2 between the organizations?
3 Q: Yes, sir.
4 MR. BURCHFIELD: Your question is whether Mr.
5 Denning ever had conversations with Mr. Volcansek about
6 that?
7 MR. FRENKEL: That's right. I believe-correct me
8 if I am wrong, but I believe Mr. Volcansek has testified
9 that he did not inquire of Mr. Denning, and now the question
10 is just simply whether Mr. Denning informed him whether or
11 not Mr. Volcansek inquired directly of Mr. Denning.
12 MR. BURCHFIELD: Okay.
13 THE WITNESS: Mr. Denning-the only analogy that
14 could be drawn is that some of the same players were
15 involved. We talked about the National Policy Forum.
16 BY MR. FRENKEL:
17 Q: You just stated in your last answer that some of
18 the same players were involved. Who did you understand at
19 that time to be the same players involved?
20 A: Well, Haley Barbour.
21 Q: You said players, plural. Was there anyone other
22 than Mr. Barbour?
23 A: I was just trying to think. I can't think of
24 another one right now.
25 Q: Prior to April 1, 1994, were you involved in any

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1 fund-raising efforts on behalf of the NPF?
2 A: Prior to when?
3 Q: April 1, 1994.
4 A: No.
5 Q: Prior to April 1, 1994, did Mr. Denning ever ask
6 you to become involved in the fund-raising activities at the
7 NPF?
8 A: Yes. He talked to me about that issue.
9 Q: Can you describe the substance of those
10 discussions?
11 A: Mr. Denning explained that the National Policy
12 Forum needed to have support, they need to establish a donor
13 base, and that he had been-that the National Policy Forum
14 had been initially funded by loans from the Republican
15 National Committee, and that he was going to have to repay
16 those loans and that he needed to establish his own donor
17 base, and he wondered if there was any way in which I might
18 be able to help him with that issue.
19 Q: In substance, what was your response to Mr.
20 Denning?
21 A: My responses was that I would be glad to help him.
22 Q: But prior to April 1, 1994, you did not help him
23 as he had requested; is that true?
24 A: We talked about that he would like for me to help
25 him. We didn't get into any specifics as to how or what

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1 that he would like. It was a general discussion of would I
2 be willing to, and then we need to discuss it further. It
3 wasn't something that was brought up in every conversation.
4 Q: Prior to April 1, 1994, did you make any
5 suggestions to Mr. Denning about particular entities or
6 groups of entities that he should include in the donor base
7 of the NPF?
8 A: I don't remember. I don't recall.
9 Q: Prior to April 1, 1994, did Mr. Denning indicate
10 to you how successful he felt the existing fund-raising
11 effort at the NPF was?
12 A: Yes. He indicated that they were having
13 difficulty raising funds.
14 Q: Did he indicate why they were having difficulty,
15 they meaning the NPF had difficulty raising funds?
16 A: I don't recall.
17 Q: Did you have any discussion with Mr. Denning, or
18 did he indicate in a conversation at any time prior to April
19 1, 1994 that the NPF was continuing to receive loan
20 assistance from the RNC?
21 A: I don't recall.
22 Q: After April 1, 1994, did there come a time where
23 you essentially took Mr. Denning up on his offer and became
24 more actively involved in attempting to raise funds for the
25 NPF?

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[1] A: Yes.
[2] Q: When was that time?
[3] A: It was about mid-April.
[4] Q: Mid-April 1994?
[5] A: That's correct.
[6] Q: How did you come to become more involved?
[7] A: He simply became very specific that he had a need.
[8] It was a serious need for my assistance, and that the
[9] magnitude of the need and that could we sit down and
[10] strategize it, and the answer was yes.
[11] Q: What did Mr. Denning indicate to you by mid-April
[12] 1994 was the magnitude of the need of the NPF?
[13] A: About \$3.5 million.
[14] Q: Did you inquire as to how Mr. Denning came up with
[15] that number, \$3.5 million?
[16] A: Yes, I did.
[17] Q: What did he tell you?
[18] A: He told me that talked about the expenses of what
[19] they had gone through as it related to this city--oh, I
[20] can't remember the expression, but they went to 60 cities in
[21] the United States, the tours that they were making around
[22] the United States and--
[23] MR. GURWIN: The forums?
[24] THE WITNESS: Yes, thank you. The forums.
[25] And that the expense of doing that was

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[1] prohibitive, and that those costs, plus the ongoing desire
[2] to move from the forums onto having these conferences, which
[3] was the goal of the National Policy Forum, for the various
[4] issues that were relevant to today's situation, and so he
[5] asked me if I would sit down with him and talk about those
[6] issues.

BY MR. FRENKEL:

[7] Q: Did you have any discussion with Mr. Denning at
[8] that time, and that time meaning by mid-April of 1994? You
[9] can't be any more specific, can you, about if you have a
[10] date in mind as to when you might have had this discussion
[11] with Mr. Denning?

[12] A: Mid-April is the best I can do.

[13] Q: That's fine. That's what I thought.

[14] So, by mid-April, about whether the NPF should
[15] scale back any of its activities?

[16] A: I'm sorry. I didn't hear the question.

[17] Q: Sure. I'm sorry. Let me start it this way. You
[18] knew by mid-April 1994 that Mr. Denning was the chief
[19] operating officer at the NPF, did you not?

[20] A: Yes, I did.

[21] Q: Did you have any discussions with Mr. Denning
[22] before mid-April or by mid-April 1994 about whether the NPF
[23] would scale back any of the activities it had been
[24] undertaking that led it to incur a \$3.5-million need for

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[1] funds?
[2] A: We had numerous discussions about the problems
[3] that he had, but it was also the goal of going to new
[4] situations, these conferences, but, yes, he did talk about
[5] the scaling down of the operation if he couldn't raise the
[6] funds that were necessary.

[7] Q: Did Mr. Denning indicate to you in any way whether
[8] Mr. Barbour, as both chairman of the NPF and chairman of the
[9] RNC, had advocated a large number of conferences that the
[10] NPF was attempting to put on?

[11] MR. BURCHFIELD: Object to form. The question
[12] would not be objectionable if you would not try to
[13] characterize Mr. Barbour as both chairman of NPF and
[14] chairman of the RNC. If you want to ask him if Mr. Denning
[15] had ever told him of Mr. Barbour's expressed views, that's
[16] fine. The question is a little misleading and loaded.

BY MR. FRENKEL:

[17] Q: I can take the question as refined by your
[18] counsel.

[19] A: I still don't understand the question. I'm sorry.

[20] Either one of you, I don't understand the question.

[21] MR. BURCHFIELD: We're engaged in legal-speak.

BY MR. FRENKEL:

[22] Q: Did you have any understanding from Mr. Denning
[23] about Mr. Barbour's desire to have the NPF conduct larger

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[1] rather than a smaller number of policy forums or
[2] conferences?

[3] A: Yes, I do remember that.

[4] Q: What do you recall about those discussions?

[5] A: I just remember Dan mentioning that Haley had
[6] wanted to see the National Policy Forum do the maximum that
[7] it could do as a think tank, to become a prominent factor in
[8] the Washington scene as it related to--like other
[9] organizations, like CSIS or any of the others.

[10] Q: You also indicated that by mid-April '94, when you
[11] accepted Mr. Denning's offer to take a more active role,
[12] that he had indicated--and I'm sorry if I'm going to get
[13] your testimony wrong. It will be whatever it is in the
[14] record. There was a serious need for you to help. I know I
[15] wrote down the word "serious" that he used, and I honestly
[16] don't recall exactly how he used it.

[17] What do you recall about a discussion of
[18] seriousness?

[19] A: What I remember is that the National Policy Forum
[20] was not receiving the support and the donor base that it had
[21] previously anticipated. They were getting commitments, but
[22] the flow of funds wasn't in the speed or in the amounts that
[23] they needed to go ahead and meet the strategic plan upon
[24] which the National Policy Forum was basing its future and--
[25] Q: I'm sorry. Were you done?

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[1] A: No, I was just going to say that, you know, he
[2] wanted to meet the needs and the goals of the policy forum,
[3] and he felt that he was going to be unable to do so unless
[4] he raised more money.

[5] Q: Did Mr. Denning indicate to you what steps, if
[6] any, he had undertaken to try and make sure that pledges
[7] that had been made to the NPF were being collected on a
[8] timely basis?

[9] A: Dan worked like a dog, and he did everything that
[10] he could to make things work. He needed additional help.

[11] Q: Other than potential lack of employees to assist
[12] him in raising funds, did he indicate any other problems as
[13] to why the NPF had not received pledges that had been made
[14] to the NPF?

[15] A: If he did, I don't remember.

[16] Q: What suggestions did you make to Mr. Denning in or
[17] about mid-April 1994 about how the NPF could remedy its
[18] current financial state?

[19] A: I just suggested that we should sit down and
[20] discuss these issues and talk about who would be interested
[21] and based on what was going to happen, if they were going to
[22] hold conferences, what kind of conferences would be held,
[23] and go to the people that would be the most interested in
[24] those conferences and utilize them as sponsors.

[25] Q: I trust at some point, you did, in fact, sit down

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[1] with Mr. Denning to provide him your ideas?

[2] A: Absolutely, I did.

[3] Q: Do you recall how soon after this mid-April
[4] conversation that might have occurred?

[5] A: As it related to the general discussion, no, I do
[6] not remember.

[7] Q: Do you recall whether it was a matter of days or a
[8] matter of weeks?

[9] A: The question you are asking, Mr. Denning and I
[10] talked all the time. It would not be unusual for us to talk
[11] four, five times a week. He was consumed with the need to
[12] raise money. We talked about various ways we could do this
[13] as the types of organizations and the types of companies
[14] that would be involved in these conferences as a way of
[15] participating in the process, and then we also talked about
[16] the possibility of working with--maybe on a broader basis.

[17] Q: What do you mean by a broader basis?

[18] A: Well, as an example, he mentioned that the
[19] possibility of reaching out since the National Policy Forum
[20] had the latitude of raising funds from foreign sources that
[21] that was a possibility, and I said we might talk about that.

[22] Q: Did there come a time when you did talk to Mr.

[23] Denning about raising money for the National Policy Forum
[24] from foreign sources?

[25] A: Yes, we did.

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Q: When was the first such conversation that you had, if you recall?
A: It was just after the mid to third or fourth week in April.
Q: Of 1994?
A: That's correct.
Q: Did Mr. Denning indicate to you--understanding, again, that Mr. Denning didn't arrive at the National Policy Forum until the beginning of 1993--whether there were any efforts that Mr. Denning was aware of prior to mid-April of 1994 about attempts to raise money from foreign sources for the National Policy Forum?
A: No. I was not aware of any attempts to raise money from foreign sources prior to our getting together.
Q: I think that your answer encompassed my question, but just to be clear, did Mr. Denning express to you any efforts that the National Policy Forum made that Mr. Denning was aware of about efforts to raise money for the NPF from foreign sources--
A: No.
Q: --prior--I'm sorry--prior to mid-April 1994?
A: No.
Q: Were you to be compensated in any way for your assistance to the NPF?
A: None whatsoever.

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Q: When you met with Mr. Denning the third or fourth week of April 1994, did you prepare any sort of memorandum for him laying out your ideas?
A: I don't remember any such memorandum.
Q: Would it be typical for you, just in your business enterprises for a meeting like that, that you would typically set out your ideas in writing or even just notes for yourself?
A: It was depending on what the goal of the meeting was and who asked for it, who was attending the meeting and what the purpose was.
Q: Do you recall who attended the meeting that you had with Mr. Denning? In other words, we're talking about now again towards the end of April 1994 when you were discussing fund-raising ideas.
A: We had a meeting with his friend, Don Fierce.
Q: Do you recall where the meeting took place?
A: Yes. It was at Don Fierce's home in Northern Virginia.
Q: Do you know is that also the home of Haley Barbour?
A: I beg your pardon?
MR. PERRY: Do they live together?
THE WITNESS: No. I'm not aware that Haley Barbour lived with Don Fierce at all.

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BY MR. FRENKEL:
Q: What was Mr. Fierce's role with the National Policy Forum, if any, as you understood it in the end of April 1994?
A: Mr. Fierce was not involved with the National Policy Forum, per se.
Q: I'm sorry. I don't understand what you mean by per se.
A: Well, Mr. Fierce's interest in the National Policy Forum was, number one, support of his friend, Don Fierce, who had been an old friend for many, many years, and number two--
MR. BURCHFIELD: You mean Dan Denning?
THE WITNESS: I'm sorry. Yeah, Dan Denning.
Don Fierce's support of Dan Denning, he was a longtime friend of his, number one, and number two was his interest in seeing the loan repaid to the RNC that had been made to the National Policy Forum.
BY MR. FRENKEL:
Q: Do you have any understanding as to why Mr. Fierce would be concerned that a loan made by the RNC to the National Policy Forum would be repaid to the RNC?
MR. BURCHFIELD: Object to foundation. You can answer.
THE WITNESS: Mr. Fierce was a longtime confidante

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of Mr. Barbour and was an adviser to Mr. Barbour on wide-ranging issues, as well as a longtime friend of Mr. Barbour's, and as chief strategist and knowing what the needs of the RNC were, it was clear that he wanted to see the loan repaid to meet the fiscal needs of the RNC.
BY MR. FRENKEL:
Q: In your answer, you stated chief strategist. Did you have any awareness as of the end of April 1994 that Mr. Fierce was the chief strategist to the RNC?
A: Yes, I did. That's how we were introduced.
Q: Other than Mr. Fierce and Mr. Denning, was anyone else at this meeting?
A: No.
Q: Do you recall whether you prepared any papers or brought any papers with you to this meeting with Mr. Fierce and Mr. Denning?
A: No. I didn't prepare any papers or take anything with me. This was a casual meeting.
Q: At the meeting in Mr. Fierce's house, were you given any materials relating to the NPF by either Mr. Fierce or Mr. Denning?
A: I don't remember that I was given any materials at that time.
Q: Can you describe the substance of your conversation with Mr. Fierce and Mr. Denning in this meeting

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at the end of April 1994?
A: Well, first of all, we discussed conceptually the fact that we saw that whatever we were doing on that day, sitting there together, it literally put us in a fish bowl-type situation in which if somebody would--looking at us down the road, question what we were doing, and we made a commitment to each other that we were going to do whatever--whatever process we were involved in that it was going to be ethical and legal and above board, number one.
Number two, we were going to put together--we discussed, again, a variety of ways in which we might consider how to deal with the repayment of this loan that was owed by the National Policy Forum back to the RNC.
Q: Anything else? I'm sorry.
A: Well, that was it. Basically, we discussed a variety of ways in which we could--there were possibilities of structuring the situation to help Dan repay the loan that was owed to the RNC, and whatever it was, we were going to do it, as I described in the first point.
Q: Where were the various possibilities that you examined with Mr. Fierce and Mr. Denning at the end of April 1994 about how the NPF could repay the RNC?
A: Okay. Well, first of all, we were there--we were discussing the possibilities of a foreign transaction.
Second, we were discussing the possibility where it would

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be--it could be a donation or a contribution to the NPF, a loan to the NPF or a loan guarantee. We discussed all three of those as possibilities.
Q: I'm sorry. I don't mean to interrupt. I just want to understand. Was that in connection with the foreign transaction, or was that separate and apart from the foreign transaction?
A: No. This is a part of.
Q: As a part of?
A: As a--in other words, what the foreign transaction could be.
Q: Okay, thank you.
A: It could be one of three situations.
MR. BURCHFIELD: And let me just--I know that if I were in the witness chair, Mr. Frenkel, it would be extremely difficult for me to maintain a train of thought. If you interject questions, please, I ask you again, don't interrupt Mr. Volcansek. He is trying to give you his best recollection, and for transactions that occurred three, four years ago, it's increasingly difficult, I know, for him to remember these things. So let him finish his answer. If you have follow-up questions, he will be happy to answer them.
MR. FRENKEL: I appreciate that. I am just trying to make sure the answer is clear.

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BY MR. FRENKEL:

Q: Other than a foreign transaction, what other methods were under consideration for how the NPF could repay the RNC?

A: Well, we discussed the possibility that we discussed the possibility of a foreign transaction. We discussed those three ways of dealing with a foreign transaction, but we also agreed that I would think about what other sources I might have that I might be able to utilize to assist in this situation, and we reconvened, dismissed the meeting and agreed to sit there and think about it. It was a situation that wasn't going to be resolved overnight, but the issue was that it was going to take time and how much time was going to be involved in the process of doing this. We dismissed a contribution at this point because it was clear that a contribution—I didn't have the sources in any way to do this. We dismissed a loan because we thought that it would take too long, considering the state of the desire to see this loan repaid sooner than later, and we finally settled upon the issue of a loan guarantee as probably the most feasible means of structuring the situation.

Having said that, at that point, this was a lengthy meeting in which we were getting to know each other, because I did not know Mr. Denning.

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Q: Mr. Fierce.

A: Excuse me. Mr. Fierce. Excuse me. Didn't know Mr. Fierce. And so we had all of those discussions in that first meeting, and then we decided to get back together in a couple of weeks in which we could discuss it further.

Q: You may have testified about this already, and if you have, I apologize, but what was your understanding at the end of April 1994 at this meeting what the outstanding obligation was of the National Policy Forum to the RNC?

MR. BURCHFIELD: The dollar value of the obligation?

MR. FRENKEL: Yes, sir.

THE WITNESS: My recollection that the amount that was owed by the NPF to the RNC was approximately \$2.5 million.

BY MR. FRENKEL:

Q: And you learned that from Mr. Denning?

A: That's correct.

Q: Did Mr. Denning ever show you any documentation so you could ascertain for yourself what the amount was?

A: Absolutely. He showed me—I mean, he was very diligent in that regard.

Q: Do you recall what kinds of documents he showed you?

A: No, not at this point, but he showed me—he spent

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a lot of time going over the issue, showing me how everything from salaries all the way through to materials and his due diligence—diligence in trying to make sure that he covered everything. I just walked away with the thought that he was being very thorough.

Q: I know it is a long time ago and you may not recall everything you looked at, but do you recall other than, say, the expense and fund-raising kinds of information Mr. Denning showed you, whether he also showed you the indications of indebtedness of the NPF to the RNC?

MR. BURCHFIELD: Objection. Object to form.

MR. PERRY: Any indications? I'm sorry. Just go ahead.

BY MR. FRENKEL:

Q: Do you understand the question, Mr. Volcansek?

A: Well, I think so. My answer to that question is I don't remember him showing me the exact indebtedness. If Dan Denning said it was \$2.5 million, then it was \$2.5 million.

Q: You also mentioned a time component to the loan or I think your testimony was pay it back sooner rather than later, and it, meaning the outstanding indebtedness of the NPF to the RNC. At this time, at the end of April 1994, did you have any understanding as to—it's called a too-late date, a date by which if the loan—if the finances weren't

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worked out by a certain date, it would be too late for the NPF?

MR. BURCHFIELD: Object to form.

THE WITNESS: The answer is that Dan operated under a great deal of pressure to repay this loan, and he operated under not only to repay this loan, but also to fund the ongoing operations of the NPF and our discussions not only entailed repaying the loan, but the ongoing efforts of the National Policy Forum. And so he was under tremendous pressure to see that done, and so talking to Dan, yes, he showed me, you know, paper. He told me that he was under a great deal of pressure to see it done quickly, and in order for him to meet the goals that had been set out.

BY MR. FRENKEL:

Q: Do you know who set out those goals for the NPF?

A: Well, it was in conjunction with the board of directors and Haley Barbour as chairman of the NPF.

Q: Did Mr. Denning indicate to you during these discussions or discussion toward the end of April 1994 from where he was feeling this sense of pressure?

A: If he did, I don't remember. It was just that I was—it was clear to me that he was feeling the pressure, that he needed the assistance, and I was willing to help him to work on it.

Q: Did Mr. Denning indicate to you or Mr. Fierce at

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this meeting in the end of April, 1994, that the NPF might go out of existence or something along those lines if the outstanding indebtedness wasn't resolved by a certain date?

A: I remember him saying that there was the possibility that it could be shut down if it didn't work. I'm not sure that I believed that at the time, but—because I believed that what they were working on, everybody wanted to see happen, and I also believed it was possible to raise the money. I believed that they—that it was possible to raise money from other people.

Q: Just to clarify, I think you said "what they were working on, everyone wanted to see happen." What do you mean by that?

A: I talked to several people, and if you're going to ask me who, I don't remember who, but I talked to several people who were interested in seeing the National Policy Forum succeed.

Q: Did any of those people that you spoke to about the success of the National Policy Forum include anyone affiliated, to your knowledge, with the Republican National Committee?

A: Other than Don Fierce, not at that time.

MR. BURCHFIELD: We've been going about an hour. When you get to a good place, it would probably be prudent to take a break.

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MR. FRENKEL: Okay. Let's go on for another few minutes, just on this meeting, and then when we end the meeting we can take a break.

BY MR. FRENKEL:

Q: Did there come a later point in time where you had talked to members—individuals that you knew to be affiliated with the Republican National Committee, about wanting the NPF to succeed?

A: Certainly. I talked to Haley Barbour.

Q: Anyone other than Mr. Barbour?

A: I don't remember.

Q: The concept of a foreign transaction to remove the indebtedness of the NPF to the RNC, do you recall who suggested that idea?

A: I believe Don Fierce suggested the idea.

Q: Was there any discussion in that meeting, end of April, 1994, about whether it would be legal for the NPF to take money from a foreign source?

A: As I believe that I told you when we were discussing this issue a second ago, I said that that was a primary issue of discussion, the importance that what we did was legal and ethical, and that was a real issue of our discussion in which we spent a significant amount of time talking about that. So the answer is yes, we talked about the legality, and it was my understanding at that time and

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our mutual understanding at that time that the funding by a
[2] foreign source for a think tank, a 501(c)(4) corporation,
[3] was a proper and appropriate means of providing funding.
[4] Q: Where did you derive your understanding of that?
[5] A: I said it was from our mutual discussion at that
[6] meeting.
[7] Q: Prior to that meeting in the end of April, 1994,
[8] did you have any independent understanding of where the NPF
[9] could raise money from?
[10] A: Dan Denning had mentioned to me prior to this that
[11] foreign sources were legal methods of raising money.
[12] Q: I think the final question I have for you before
[13] we take a break is, you testified that in one of the options
[14] under consideration from the foreign transaction was a
[15] donation or contribution. I believe your testimony was you
[16] dismissed it at the time because you did not have the
[17] resources, and I'm sure you didn't mean that the money was
[18] supposed to come out of your pocket, so I just want to
[19] understand what you meant by that.
[20] A: What I meant was that I did not have the contacts
[21] that I would be able to go to, to get that kind of a
[22] transaction. That was what I believed at the time. That
[23] was my most immediate response to that part of the
[24] discussion, again being mindful of the fact that Mr. Denning
[25] emphasized that this had to be done quickly.

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[1] MR. FRENKEL: Do you want to take a break, Mr.
[2] Burchfield?
[3] MR. BURCHFIELD: Yes, that would be great. Thank
[4] you.
[5] [Recess.]
[6] BY MR. FRENKEL:
[7] Q: Was there any discussion at the meeting about
[8] raising money from U.S. corporate sources?
[9] A: I don't recall any discussion on the raising of
[10] money from foreign corporate sources--excuse me--corporate
[11] sources, U.S. corporate sources. I don't recall any
[12] discussion on that.
[13] Q: Do you recall any discussion about raising the
[14] monies the NPF needed to repay the RNC from a U.S.
[15] individual as opposed to a corporate source?
[16] A: Yes, and if you will remember, I said a moment ago
[17] that we agreed we would talk conceptually about the process
[18] and that I was going to go off and think about what sources
[19] I had that I could work with.
[20] Q: When was the next meeting you had with Mr. Fierce
[21] and Mr. Denning?
[22] A: It was within a few weeks.
[23] Q: Did you have any discussion between the April 1994
[24] meeting and, let's call it mid-May 1994 meeting, for lack of
[25] a better time, with either Mr. Fierce or Mr. Denning about

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[1] your thoughts on the first meeting and your suggestions?
[2] A: I had numerous discussions with Dan Denning, and I
[3] can't recall discussions with Don at that point, in that
[4] interim period, but I have no question that I had numerous
[5] discussions with Dan Denning.
[6] Q: Do you have any understanding as to whether Mr.
[7] Denning was talking to Mr. Fierce about this topic?
[8] A: I had no question but Mr. Denning was talking with
[9] Mr. Fierce.
[10] Q: Just so I'm clear, I think your answer was clear,
[11] but just that you did have an understanding that Mr. Denning
[12] was talking to Mr. Fierce about eliminating the indebtedness
[13] of the NPF to the RNC during the period between the first
[14] two meetings you have testified to today?
[15] A: Yes.
[16] Q: Could you describe the nature of your
[17] conversations with Mr. Denning between the first meeting and
[18] the second meeting?
[19] A: The only thing I can tell you is that we discussed
[20] that I felt I had some ideas and I had some contacts that we
[21] could pursue, and that I was willing to sit down and talk
[22] about them.
[23] Q: Did you identify particular contacts or leads to
[24] pursue in these conversations with Mr. Denning?
[25] A: I don't remember.

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[1] Q: Did you identify for Mr. Denning, in these
[2] conversations prior to the second meeting, categories of
[3] contacts you thought could be pursued?
[4] A: I'm sorry. I don't know what you mean by
[5] "categories."
[6] Q: Maybe try it this way: Did you discuss with Mr.
[7] Denning particular industries that might be willing to make
[8] a significant contribution to the NPF?
[9] A: I don't remember that.
[10] Q: You don't recall one way or the other?
[11] A: No, I don't remember having any discussion about
[12] industries at that point.
[13] Q: Did there come a point prior to the second meeting
[14] where you--
[15] A: No.
[16] Q: I'm sorry. Let me just finish the question.
[17] Where you did have discussion with Mr. Denning about
[18] particular industries making a contribution?
[19] A: No.
[20] Q: Did you have discussions with Mr. Denning between
[21] the first meeting and the second meeting about foreign
[22] corporations that you thought could be approached?
[23] A: I told Mr. Denning that I had ideas of foreign
[24] entities, individuals, that I might approach.
[25] Q: How did you develop the list of foreign

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[1] individuals that you were going to suggest to Mr. Denning?
[2] A: I thought about what entities that I was aware of
[3] might have interest in participating in a think tank that
[4] was structured the way that the National Policy Forum was
[5] going to be structured. In other words, what kinds of
[6] issues would they be discussing, and was there a possibility
[7] of people or entities that might have an interest in the
[8] kinds of things that the National Policy Forum was doing?
[9] Q: What was your view at that time about why any
[10] foreign corporation would be interested in the activities of
[11] the National Policy Forum?
[12] MR. BURCHFIELD: Object to form and foundation.
[13] You may answer.
[14] THE WITNESS: I felt that there were issues that
[15] might be of interest, as exemplified by Mr. Young's
[16] interest.
[17] BY MR. FRENKEL:
[18] Q: I'm not sure that that's exactly responsive. I
[19] guess the question is, what in your mind did you have an
[20] understanding of as to why any foreign source would be
[21] interested in contributing to the National Policy Forum?
[22] MR. BURCHFIELD: Object to the form of the
[23] question. I believe you said "contributing," and I thought
[24] we were at this point focusing in on a loan guarantee.
[25] MR. FRENKEL: I appreciate your clarification.

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[1] counsel. The question is really going to why any non-U.S.
[2] corporation might be interested in making the funds
[3] available in the amount of \$2.5 million or thereabouts that
[4] the NPF needed at that time. I think it's a combination of
[5] our question.
[6] MR. PERRY: Well, let me just note that I think
[7] you may be asking him to speculate without specifying that,
[8] and if that is the case, I would appreciate it if you would
[9] clarify your question.
[10] BY MR. FRENKEL:
[11] Q: Do you understand my question, Mr. Volcansek?
[12] A: Well, I have difficulty answering your question,
[13] you know. You're asking me my opinion?
[14] Q: Yes, sir.
[15] A: I perceived that there were issues that a think
[16] tank like the National Policy Forum, CSIS or other
[17] organizations like that would have an interest in
[18] participating in the U.S. I don't understand your question,
[19] because I can see very clearly where a foreign entity or
[20] individual would have an interest in participating with a
[21] think tank.
[22] Q: Is it your experience, raising funds or in fact
[23] even doing business, that if people contribute large sums of
[24] money they expect some sort of benefit for that money?
[25] MR. PERRY: I'm going to raise the same concern I

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(1) just did to the previous question. Please go ahead.
(2) **MR. BURCHFIELD:** Object to the form and
(3) foundation. And I assume you're including within that
(4) political, charitable contributions.

(5) **MR. FRENKEL:** At this point it's just a general
(6) question.

(7) **THE WITNESS:** Why don't you ask it again?

(8) **MR. FRENKEL:** Sure. Maybe I'll ask it a different
(9) way.

(10) **BY MR. FRENKEL:**

(11) **Q:** If people make an investment of any kind,
(12) charitable or otherwise, of more than say \$100,000, they
(13) expect something for their money, don't they?

(14) **MR. PERRY:** Let me renew the concern I had before.

(15) I don't want to interrupt your questioning. Please go
(16) ahead.

(17) **MR. BURCHFIELD:** I object on the grounds of
(18) foundation, but you may answer.

(19) **THE WITNESS:** You know, I don't know what every
(20) individual's thoughts are. Why they do something or don't
(21) do something depends on an individual's personal feelings.
(22) I can't answer that question.

(23) **MR. FRENKEL:** My question was based on your
(24) experience as someone who has raised funds for
(25) organizations, and as a businessman yourself.

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(1) **MR. BURCHFIELD:** Same objection.

(2) **THE WITNESS:** If the entity that you're
(3) contributing to has similar views or is studying things that
(4) you have an interest in, I could see why you would go ahead
(5) and contribute to them.

(6) **BY MR. FRENKEL:**

(7) **Q:** By mid-May of 1994, were you aware of any studies
(8) ongoing by the National Policy Forum relating to
(9) international issues?

(10) **A:** I knew that the National Policy Forum was working
(11) on international issues with a committee that was chaired by
(12) Carla Hills and Warren Benton.

(13) **Q:** What was your understanding of the work?

(14) **A:** They were working on policy issues and preparing a
(15) policy paper for the National Policy Forum.

(16) **Q:** On what types of-

(17) **A:** On international trade issues.

(18) **Q:** I believe my earlier question related to your
(19) source of ideas for foreign individuals that you considered
(20) approaching. What was the source you used to come up with
(21) foreign corporations that might be interested in
(22) contributing the money the NPF was looking for to reduce its
(23) indebtedness or eliminate its indebtedness to the RNC?

(24) **MR. BURCHFIELD:** Object to the form.

(25) **THE WITNESS:** I can't answer your question. I

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(1) mean, you know, the question doesn't make sense to me.

(2) **MR. BURCHFIELD:** I think the problem you may be
(3) having with Mr. Frenkel is, are you suggesting that there
(4) was something other than Mr. Volcansek's own personal
(5) contacts that he was consulting?

(6) **MR. FRENKEL:** I'm not trying to suggest anything.
(7) I'm just trying to find out, Mr. Burchfield.

(8) **MR. BURCHFIELD:** Well, if-

(9) **THE WITNESS:** I didn't approach any foreign
(10) corporations, so I don't understand your question.

(11) **BY MR. FRENKEL:**

(12) **Q:** My question was simply that you testified about
(13) how you went through the process of identifying potential
(14) foreign individuals-

(15) **A:** That's correct.

(16) **Q:** -that would be interested in contributing, and my
(17) question is, what process did you go through to identify
(18) potential foreign corporations?

(19) **A:** I didn't.

(20) **Q:** Did anyone else?

(21) **A:** I'm not familiar. I wouldn't know.

(22) **Q:** Without identifying the individuals, do you recall
(23) how many individuals were on your list as foreign
(24) individuals to approach to make a contribution in the size,
(25) a financial commitment to the NPF in the size that was being

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(1) sought?

(2) **MR. BURCHFIELD:** Object to form.

(3) **THE WITNESS:** I remember that I-I believe I had
(4) three names on the list.

(5) **BY MR. FRENKEL:**

(6) **Q:** Did either Mr. Denning or Mr. Fierce have
(7) suggestions in addition to the three individuals you had
(8) suggested?

(9) **A:** Not that I'm aware of.

(10) **Q:** Was Mr. Ambrous Young one of the individuals that
(11) you had on your list?

(12) **A:** Yes, he was.

(13) **Q:** How are you familiar with Mr. Ambrous Young?

(14) **A:** I knew Mr. Young through my relationship with Mr.
(15) Dick Richards.

(16) **Q:** Can you just briefly identify Dick Richards?

(17) **A:** Yes, I did. Oh, would I?

(18) **Q:** Who is he?

(19) **A:** I thought you said "did you just." Yes, I did
(20) identify him.

(21) **MR. PERRY:** You identified him by name.

(22) **THE WITNESS:** Dick Richards is a long-time friend
(23) and associate, business associate, and-

(24) **BY MR. FRENKEL:**

(25) **Q:** How did you learn of Mr. Richards' association, if

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(1) any, with Mr. Young?

(2) **A:** I was introduced to Mr. Young by Mr. Richards.

(3) **Q:** When was that?

(4) **A:** During my time in the period between 1990 and
(5) 1992, somewhere in there.

(6) **Q:** While you were an official of the United States
(7) Government?

(8) **A:** That's correct.

(9) **Q:** Do you recall the context of Mr. Richards'

(10) introduction to you and Mr. Young?

(11) **A:** Would you define "context"?

(12) **Q:** Sure. Where did it happen?

(13) **A:** It happened at the J.W. Marriott.

(14) **Q:** In Washington, D.C.?

(15) **A:** Yes.

(16) **Q:** Why were you at the Marriott?

(17) **A:** Mr. Richards asked me to come over and meet him
(18) and meet his friend.

(19) **Q:** Who was his friend?

(20) **A:** Ambrous Young.

(21) **Q:** Oh, I'm sorry. Was this just getting together for
(22) drinks, essentially?

(23) **A:** I don't drink.

(24) **Q:** It was in the evening?

(25) **A:** No, it was at around noontime.

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(1) **Q:** Was your meeting in any sort of official capacity?

(2) **A:** No, it was a social meeting.

(3) **Q:** To your knowledge, did Mr. Young have any
(4) interests pending before the Department of Commerce?

(5) **A:** Not that I was aware of.

(6) **Q:** Were you aware whether or not Mr. Young had any
(7) interests, either personal or business, pending before any
(8) agency of the Federal Government?

(9) **A:** I was not aware-

(10) **MR. BURCHFIELD:** Objection. Mr. Frenkel, would
(11) you explain how you believe that is within the scope of the
(12) committee's investigation, putting aside the "everybody does
(13) it" defense?

(14) **MR. FRENKEL:** I think it wasn't that I set out to
(15) determine that. I just think it's important to know
(16) whether-I think while the committee is focused on the 1996
(17) election, I think it's also interested in knowing whether
(18) any improper acts were conducted, and it would conceivably
(19) be improper for an official of the United States Government
(20) to be meeting in a non-official capacity with a foreign
(21) person or a person who has foreign business interests-

(22) **MR. BURCHFIELD:** Well, let me just state, number
(23) one, the committee's mandate is to spend money as we're
(24) doing here today, solely with respect to the potential
(25) illegality concerning the 1996 election.

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Second, your insinuation that Mr. Volcansek had had a social visit with a gentleman, Mr. Dick Richards, who was a long-time friend and former business associate, was improper in any way is completely improper, and I don't think it's respectful for you to suggest that to the witness or invoke it as a possible line of inquiry here.

I don't think there is any basis under the committee's mandate for you to ask these questions. I'm going to let Mr. Volcansek answer them, now that you have impugned his integrity.

MR. PERRY: And let me make one final comment, just to speed things along. Mr. Young has in fact testified that he has never done any business, nor has any of his companies done any business with the United States Government.

MR. BURCHFIELD: Mr. Volcansek, if you would like to comment on whether there was anything improper about your meeting with Mr. Richards and Mr. Young, you may do so. But I certainly hope, Mr. Frenkel, in view of our time constraint here today, that you can move on to something that is within the committee's jurisdiction.

THE WITNESS: I never did anything that was improper in my time serving in the Bush Administration and my responsibilities. I said I had a social meeting with a long-time friend and he introduced me to his colleague and

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his friend. He asked nothing of me. He asked for nothing. He only introduced me, and he never did ask me for anything, and I did not see him again until after, significantly after the Bush Administration.

BY MR. FRENKEL:

Q: When was the first time that you learned of Mr. Young's wealth?

A: From Mr. Richards.

Q: This was during the 1990-92 period, or sometime later?

A: I can't remember.

Q: While you were having these discussions that you have been testifying about with Mr. Denning, were you aware that Michael Baroody was the president of the NPF?

A: Yes, I was.

Q: Do you know whether Mr. Baroody was involved in the discussions about how the NPF could resolve its financial situation with the RNC?

A: I understand that he was not involved.

Q: Did that strike you as unusual, that the president of the organization that you were seeking a contribution for was not involved in the effort to have the debt to the RNC eliminated?

MR. BURCHFIELD: Object to form. I don't think we're talking about a contribution here. You may answer if

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you can.

THE WITNESS: No, I have no comment as to what Mr. Baroody-I never met Mike Baroody.

BY MR. FRENKEL:

Q: Did you have any discussions with Mr. Fierce or Mr. Denning about whether Mr. Baroody was being kept informed of your, and when I mean "your," your and Mr. Denning and Mr. Fierce's efforts to have the NPF's indebtedness to the RNC eliminated?

A: I neither asked nor was curious about Mr. Baroody.

Q: Did you have an understanding that Mr. Denning had the full authority to operate on behalf of the NPF?

A: I believed that Mr. Denning had the authority to do what he was doing.

Q: Where did you derive that belief?

A: From Mr. Denning and Mr. Fierce.

Q: Did you have any understanding of whether Mr. Denning enjoyed Mr. Haley Barbour's full confidence?

MR. BURCHFIELD: Object to the form and foundation.

THE WITNESS: I don't know.

BY MR. FRENKEL:

Q: Who were the other two individuals that you had on the list that you testified, you had a group of three individuals that you identified as prospective contributors,

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who are the other two?

MR. BURCHFIELD: Objection, Mr. Frenkel, how does that relate to the committee's inquiry about the 1996 election, given that we're talking about something that happened in 1994 and was never consummated. And, at least, I don't see how it could have any possible bearing on the 1996 election?

MR. FRENKEL: I believe it's within the scope of the committee's jurisdiction including, I think, Chairman Thompson had a ruling which I don't know that you have been privy to it. I would be happy to provide it to you.

MR. BURCHFIELD: We've seen it.

MR. FRENKEL: That was on July 3rd of this year that events relating to the raising of foreign monies is within the committee's jurisdiction and I have no knowledge one way or another whether any of these transactions were consummated. We are just simply asking because it is possible at a later date this was done. I have no information about it one way or the other. I don't know the identities of these people.

MR. BURCHFIELD: If you can establish that they were consummated and I will give you a hint, then I will let you pursue it. But as I read the Chairman's order, this is well outside.

MR. FRENKEL: I understand your position and I

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guess I can't get to the consummated until I know who they are.

MR. BURCHFIELD: Well, you can ask him the following question: Mr. Volcansek, was any contribution or other financial transaction involving the National Policy Forum consummated with the other two people on your list.

MR. FRENKEL: I appreciate your question, but I will stick with my question.

MR. PERRY: Let me just note for the record that the minority has had the opportunity to depose in excess of a half a dozen NPF employees and has each one whether there are any foreign contributions and has not got an answer that would show that any of these two items are consummated as far as I know. So, with that on the record, please go ahead.

BY MR. FRENKEL:

Q: The question, sir, was who were the other two individuals that you had on your three person list?

MR. BURCHFIELD: Yes. I'm not going to let him answer that question. I think it's well beyond the scope and you haven't given me any reason to believe it is within the scope. So, Mr. Volcansek, I would ask him not to answer that question.

BY MR. FRENKEL:

Q: I assume you will follow your counsel's

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instruction, right?

A: Yes, I will.

Q: Were approaches made to any of these two other individuals, of course, I'm excluding Ambrous Young from that?

MR. BURCHFIELD: Same objection and same instruction.

BY MR. FRENKEL:

Q: Well, what discussion did you have with Mr. Denning and/or Mr. Fierce about making an approach to Ambrous Young?

A: I suggested that I would contact Dick Richards' office, specifically Steve Richards and see if there was any interest on the part of Mr. Young, since I felt that a direct contact by myself would be inappropriate without dealing through the person who had introduced me to Mr. Young.

Q: Perhaps back up for a minute. Was the list of three individuals that you've testified about, was that presented either orally or in writing to Mr. Fierce or Mr. Denning either prior to or in connection with the second meeting you've testified about which took place in May of 1994?

MR. BURCHFIELD: Same objections, you may answer.

THE WITNESS: Yes.

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BY MR. FRENKEL:

Q: Did either Mr. Denning or Mr. Fierce suggest additional individuals other than the three that were on your list?

A: No.

Q: Was there any discussion at the second meeting in May of 1994 about raising the necessary monies the NPF needed to eliminate its debt with the RNC from any individual or entity other than the three individuals you had identified prior to that second meeting, prior to the May 1994 meeting?

MR. BURCHFIELD: Discussion who or what?

BY MR. FRENKEL:

Q: Were there any other-

A: No.

Q: Just so the record is clear. My question is, was there any other donor, whether it is an individual or an entity, under consideration by you, Mr. Denning or Mr. Fierce as of mid-May 1994 other than the three individuals whom you have already identified as a possible source of monies to the NPF in order for the NPF to eliminate its indebtedness to the RNC?

MR. BURCHFIELD: I object to form.

THE WITNESS: I don't remember any other names being associated other than the ones I presented.

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BY MR. FRENKEL:

Q: Was there a discussion at this second meeting about which of the three might be the best person to approach?

A: Yes.

Q: Was any consensus arrived at as to a rank order, say, like who would be number one, number two, number three?

A: We went to number one.

Q: Mr. Young became--was that by mid-May 1994, was the number one person on the list?

A: Yes.

Q: Why did he emerge as the number one candidate?

A: That's not correct. Excuse me. Let me restate.

We went to number two. Number two wasn't interested, then went to number one, which was Mr. Young.

Q: I'm sorry, I may not be following you clearly.

A: I went to the second person on my list and discussed it with him. You asked the question, did I go to anybody else with the decision. To make sure that I was telling, you know, the truthful answer, the truthful answer is that I went and talked with the person that was on, who was on my list and he wasn't interested and, so, therefore, Mr. Young became the first choice.

Q: Who was that other individual besides Mr. Young that you approached?

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MR. BURCHFIELD: Same objection as before. And I will instruct him not to answer.

BY MR. FRENKEL:

Q: Did that individual indicate to you why he was not, he or she, was not interested in making the contribution to the NPF in the amount you were soliciting?

MR. BURCHFIELD: Again, counsel, you are well beyond the scope of the committee's jurisdiction here and I still don't understand how you think an unconsummated transaction in 1994 had any bearing on the 1996 election.

BY MR. FRENKEL:

Q: The question is a simple one, did they tell you why they didn't want--if you want to instruct him not to answer, you are entitled to do that, Mr. Burchfield.

MR. BURCHFIELD: Well, I'm also entitled, I believe, under the case law to an explanation of how the question relates to the matter under investigation by the committee and I don't see a relationship here. And in absence of an explanation then I will instruct him not to answer.

BY MR. FRENKEL:

Q: What was involved in your approach to Mr. Ambrous Young?

A: I contacted Steve Richards.

Q: And who is Steve Richards?

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A: Steve Richards is the nephew of Dick Richards.

Q: Why did you contact Mr. Steve Richards?

A: Steve runs the Washington office.

Q: Of what?

A: Of Commerce Consultants, which is Dick Richards company.

Q: Were you sharing office space at that point with Commerce Consultants, International?

A: No, I was not.

Q: Did Mr. Dick Richards ever make available to you office space in a building or an office that was under his auspices?

MR. BURCHFIELD: Could you read that back, I don't understand it.

[The Reporter read back the requested portion of the record.]

MR. BURCHFIELD: Time frame?

BY MR. FRENKEL:

Q: Since you left the Department of Commerce.

A: No.

Q: Did you ever work out of office space of the Commerce Consultants, International, if that's the right name for Steve Richards' and Dick Richards' company?

A: No, I did not.

Q: What did Steve Richards tell you to do, if

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anything, going back now to, you said you approached Mr. Steven Richards about the efforts to get Ambrous Young to make a contribution, what did Steve Richards tell you to do?

A: Steve Richards didn't tell me to do anything.

Q: What were you supposed to do then following your contact with Steve Richards?

A: I wasn't supposed to do anything.

Q: How did you understand that your approach to Steve Richards would result in Ambrous Young making a contribution in excess of \$2 million to the National Policy Forum?

MR. BURCHFIELD: Object to form, I assume you are referring to a loan guarantee.

MR. FRENKEL: Counsel, I will withdraw my question.

BY MR. FRENKEL:

Q: I will ask this, as of your mid-May 1994 meeting with Mr. Denning and Mr. Fierce, had you decided on any of the three options you had testified had been discussed in the first meeting which was just whether a donation would be accepted or a loan would be made or whether a loan guarantee would be made; had any decision been made about that in your second meeting of May 1994?

A: Yes, the decision was to proceed on a loan guarantee.

Q: Why was that decision made?

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A: Because we felt it would be the most expeditious for us to be able to consummate.

Q: I certainly have never solicited money that size or any money, I guess, of that nature, but why wouldn't it be quicker to get a donation rather than a loan guarantee where lawyers have to be involved, and banks get involved and documents have to change hands? Isn't the most expeditious route to bring money in a check that somebody writes?

A: I didn't think so.

Q: Why was that?

A: I felt that a loan guarantee would be more expeditious because it meant that the individual wasn't giving away his funds.

And it was providing a guarantee as opposed to an outright donation.

Q: Would you agree with my suggestion that a check that somebody writes is a much faster way of bringing money in than a loan guarantee?

MR. PERRY: Well, you don't need to argue with him. I mean he's testified now, so, I'm not sure there is anything to be gained by your saying you disagree with him.

BY MR. FRENKEL:

Q: I would just like an answer to my question, please?

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MR. BURCHFIELD: I object to form and foundation.
THE WITNESS: I think that a loan guarantee was an easier thing to put together than a donation.
BY MR. FRENKEL:
Q: Was your opinion that the loan guarantee was easier to do than a donation, is that view shared by Mr. Fierce and Mr. Denning?
A: It was after I said it.
Q: When did you say it?
A: At that second meeting.
Q: In mid-May 1994?
A: That's correct.
Q: Was there any further discussion of that topic following the meeting, in other words, once you all had decided that your recommendation-if I'm characterizing it accurately-to go the route of a loan guarantee, was that decision reexamined in any way?
A: Once we decided to proceed on a loan guarantee we stuck with the loan guarantee.
Q: Taking you back now to your approach to Steve Richards, how did you understand that your approach to Steve Richards was going to result in a loan guarantee from Ambrous Young?
A: Steve Young was going to go to Mr. Young, Steve Richards was going to go to Mr. Young and see if he had an

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interest in participating in that process.
Q: And what, if anything, did you tell Steve Richards so that he would be fully informed when he had whatever meeting he was going to have with Mr. Ambrous Young?
A: At the time that I met with Steve Richards he had been on behalf of Mr. Young analyzing potential think tanks in the Washington area to pursue an interest of Mr. Young's and looking for one that might fulfill the needs that Mr. Young sought that he would want to support. And I suggested that the National Policy Forum might be a better vehicle than the ones that they were already considering.
Q: How did you become aware that Mr. Young was looking to make a contribution of some sort to a think tank?
A: Mr. Richards told me.
Q: Did Mr. Richards tell you what issues were of particular importance to Mr. Young?
A: Yes, he did.
Q: What did Mr. Richards tell you about the issues important to Mr. Young?
A: He told me-
MR. GURWIN: Is it Steve or-
THE WITNESS: Steve.
BY MR. FRENKEL:
Q: I'm sorry, did you recall the question?
A: Yes. Mr. Young's interests was in finding a think

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tank in Washington that would study the issue of a one-China policy.
Q: As of the middle of May 1994, what percentage of the NPF's work was devoted to studying the one-China policy?
MR. BURCHFIELD: Object, foundation.
THE WITNESS: I'm not aware of that they were focusing on a one-China policy at that point in their development of a program.
BY MR. FRENKEL:
Q: Do you know what think tanks Mr. Ambrous Young had under consideration to accomplish his goal of having a study of the one-China policy?
A: Yes.
Q: What were some of those organizations?
A: One that immediately comes to mind is the Center for Strategic and International Studies, known as CSIS.
Q: Any others that come to mind as we sit here?
A: That's the one that rang the most because I was aware of the people that were working on the project.
Q: You had testified earlier that it was your belief, shared by Mr. Denning and Mr. Fierce, that it was easier to have a loan guarantee than a donation to accomplish the raising of monies the NPF needed, is that correct?
A: We believed that a loan guarantee was an easier vehicle for us to provide for the repayment of the loan owed

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by the National Policy Forum to the Republican National Committee.
Q: Was that because it was, in your judgment, difficult to find a person willing to contribute personally \$2.5 million?
MR. BURCHFIELD: Object to form.
THE WITNESS: I don't know. My feeling was I had people that I thought, I had a person that I thought was interested in doing that and I went after that person.
BY MR. FRENKEL:
Q: Do you have a recollection of when Mr. Steve Richards went to speak with Mr. Young about possibly guaranteeing a loan to the NPF?
A: Two weeks later.
Q: Is this in June of 1994?
A: Yes.
Q: Do you know where Mr. Young was located in June of 1994?
A: Hong Kong.
Q: Had you ever visited Mr. Young, Ambrous Young in Hong Kong prior to June 1994?
A: No.
Q: Did you give Mr. Steve Richards any information to take to Mr. Young to help facilitate his decision making process whether to guarantee a loan to the NPF?

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A: I don't remember.
Q: Would it have been likely?
MR. BURCHFIELD: Object to form, foundation.
THE WITNESS: I don't remember giving him anything.
We were talking about a concept.
BY MR. FRENKEL:
Q: What type of answer did you expect to receive back from Steve Richards via Mr. Richards' conversation with Mr. Young?
A: I was hopeful that Mr. Young would say that he would consider the National Policy Forum as an alternative to his efforts that he had pursued with the Center for Strategic and International Studies.
Q: And was that, in fact, more or less the message that you received back from Steve Richards when he returned from Hong Kong?
A: Yes, it was.
Q: And what happened next. If I recall right now we are in mid-June 1994. What was the next step he took to complete Mr. Young's involvement in the loan guarantee to the NPF?
A: The next step was that I made a visit to Hong Kong.
Q: When did that take place?

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A: I believe in August.
Q: Once Mr. Young had signed off on the concept and I will describe that as when you received a message back from Steve Richards indicating that Mr. Young was at least receptive to the concept of making a loan guarantee to the NPF, who did you communicate that information to, Mr. Young's interest in the concept?
A: To Dan Denning.
Q: To anyone else?
A: I don't remember.
Q: Do you remember whether, did you attempt to notify Mike Baroody, the President of the NPF, about that information?
A: I told you I never met Mr. Baroody.
Q: Did you ever have a conversation with him whether or not it was a face-to-face with him?
A: I have neither met nor talked with Mr. Baroody to my knowledge.
Q: Did you attempt to inform anyone else on the board of directors of the NPF, to the extent that you knew who was and was not on the board of directors of the NPF?
A: I did not.
Q: Between the time that Mr. Steve Richards returned from Hong Kong and your trip to Hong Kong to see Mr. Young, what discussions, if any, took place concerning your

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(1) preparations for the trip to see Mr. Ambrous Young in Hong
(2) Kong?
(3) A: I had discussions with Dick Richards at this point
(4) and going over what it was that we were trying to accomplish
(5) and what the process was.

(6) Q: Well, was it as developed in your conversations
(7) with Mr. Dick Richards that you were trying to accomplish or
(8) that NPF was trying to accomplish?

(9) A: I explained to Mr. Richards that I was trying to
(10) assist the National Policy Forum and specifically Dan
(11) Denning in an effort to repay the loan that was owed to the
(12) Republican National Committee, to raise funds for their
(13) operational ability. At that point we were talking about
(14) \$3.5 million. And I explained that the RNC was eager to see
(15) that loan repaid.

(16) Q: How did you arrive at a figure of \$3.5 million?

(17) MR. BURCHFIELD: Objection, foundation and form.

(18) THE WITNESS: Dan Denning came up with that
(19) number.

(20) BY MR. FRENKEL:

(21) Q: Did Mr. Fierce continue to be involved in the
(22) discussions of how to go forward with the involvement of
(23) Ambrous Young at this point?

(24) A: I was talking with Dan Denning.

(25) Q: Do you have any understanding whether Mr. Denning

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(1) was talking to Mr. Fierce?

(2) A: I assume so.

(3) Q: Do you have any understanding of whether Mr.
(4) Denning was also communicating with Mr. Haley Barbour?

(5) A: I have no.

(6) Q: In your conversations with Mr. Dick Richards, did
(7) you have any discussion about how the RNC might use the
(8) monies that would be repaid to it by the NPF if the loan
(9) guarantee were accomplished?

(10) THE WITNESS: Ask the question again, please.

(11) [The Reporter read back the requested portion of
(12) the record.]

(13) MR. PERRY: I'm sorry, I missed the first, the
(14) very first phrase of that question, in your discussions
(15) with-

(16) MR. FRENKEL: Dick Richards.

(17) THE WITNESS: In my discussions with Dick Richards
(18) I indicated that the Republican National Committee felt that
(19) they had a need to address in the '94 election cycle.

(20) BY MR. FRENKEL:

(21) Q: Do you have any understanding of what that need
(22) was that the Republican National Committee--sorry, I will
(23) just finish the question--what the Republican National
(24) Committee needed the monies for?

(25) A: For specifically how the monies were to be

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(1) utilized, I did not.

(2) Q: Did you have any general understanding as to how
(3) the RNC would use the monies?

(4) MR. BURCHFIELD: He's not asking you to speculate
(5) here as I understand it.

(6) THE WITNESS: The answer is, no, I didn't know
(7) exactly how those monies were to be used.

(8) BY MR. FRENKEL:

(9) Q: That's why I'm trying to ask you if you don't have
(10) an exact understanding, I'm sure that you didn't know what
(11) particular check the RNC or series of checks the RNC might
(12) write, do you have a general understanding of how the RNC
(13) was going to use the monies you were seeking to raise from
(14) Mr. Ambrous Young in Hong Kong?

(15) A: I had a general-

(16) MR. BURCHFIELD: And you're still not asking him
(17) to speculate if I understand your question correctly, right?

(18) BY MR. FRENKEL:

(19) Q: Do you understand the question, Mr. Volcansek?

(20) A: I'm not sure of the question.

(21) Q: The question is, do you--I know you testified you
(22) didn't--

(23) A: He's saying it's not speculation but it sounds to
(24) me like speculation.

(25) MR. BURCHFIELD: Well, let me just say, it is--I

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(1) assume your question isn't boiled down to its essence, what
(2) is the RNC ~~do~~ with any money that it gets. But rather, what
(3) special use the RNC would put the money that it obtained
(4) from the repayment of the loans to the National Policy
(5) Forum, is that the question?

(6) BY MR. FRENKEL:

(7) Q: That's a fair characterization. I believe the
(8) testimony has been that at some point and I will ask,
(9) following this, where you happened to learn that from but
(10) did you learn that the RNC intended to use the monies
(11) somehow for the mid-term election? I'm just trying to
(12) understand what your understanding was and I could accept
(13) your testimony that you said you have no specific or exact
(14) understanding.

(15) A: I have no exact understanding. So, are you still
(16) asking me what I thought was going to happen?

(17) Q: Yes, sir.

(18) A: And that's not speculation.

(19) MR. BURCHFIELD: Well, if you believe, if you have
(20) a reasoned basis for testifying then testify, but if it's
(21) just speculation, Mr. Volcansek, you are not here to
(22) speculate and I would instruct you not to do so.

(23) MR. PERRY: Perhaps one way of getting at this is
(24) just ask him about any conversation that he might have had.

(25) BY MR. FRENKEL:

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(1) Q: Did you understand my question, sir?

(2) A: I'm sorry. It sounds like you are asking me to

(3) speculate about how I think they are going to use the money
(4) and I can't speculate as to how they were going to use the
(5) money.

(6) Q: I asked if you had any general understanding as to
(7) how they were going to use the money at the time you were
(8) talking to Mr. Dick Richards?

(9) A: My general understanding of how they were going to
(10) use the money was in the '94 election process in which there
(11) were numerous races that they thought they had an
(12) opportunity for and they needed the money back from the NPF
(13) that had been lent to the NPF specifically or even less
(14) than specifically. I can't answer because that was never
(15) detailed.

(16) Q: How did you develop that general understanding
(17) from what you just testified?

(18) A: In my discussions with Mr. Fierce.

(19) Q: Do you recall when you had these discussions with
(20) Mr. Fierce?

(21) A: In the prior meetings that we held in his home.

(22) Q: In April of '94, just to make sure I understood
(23) also, your testimony is that following the May 1994 meeting,
(24) you were not, you did not continue to have ongoing
(25) discussions with Mr. Fierce, is that correct?

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(1) A: I did not have ongoing discussions with Mr.
(2) Fierce, I had intermittent discussions with Mr. Fierce. I
(3) had ongoing discussions with Mr. Denning.

(4) Q: Well, following the May 1994 meeting, that you,
(5) Mr. Fierce and Mr. Denning attended, do you recall when your
(6) next contact with Mr. Fierce was?

(7) A: I don't remember the date.

(8) Q: Maybe we can try to do it this way. Between the
(9) May 1994 meeting and the signing of the loan guarantee
(10) transaction on or about October 13, 1994, do you recall how
(11) many conversations or other interactions you had with Mr.
(12) Fierce?

(13) A: Yes, we had discussions in preparation for a
(14) meeting in which Mr. Young was going to come to Washington
(15) and meet with us.

(16) Q: Was that the dinner meeting in late August of
(17) 1994?

(18) A: Yes, it was.

(19) Q: Other than your discussions relating to that
(20) August 1994 dinner meeting, did you have other conversations
(21) with Mr. Fierce relating to the loan guarantee?

(22) A: I don't remember at this time.

(23) Q: Between May 1994 and the signing of the loan
(24) guarantee transaction documents on October 13, 1994, did you
(25) have any further discussions with Mr. Fierce about how the

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RNC intended to use the monies they would be receiving from the NPF pursuant to the loan guarantee?

MR. BURCHFIELD: I object to the form of the question, it's mis-phrased but if you understand it, you can answer it.

THE WITNESS: No, I don't understand it. I don't understand how it is different than the last question I answered on that issue.

BY MR. FRENKEL:

Q: The question is, between May 1994 and October 13, did you have any understanding as to how the RNC was planning to utilize the \$2.1 million that was guaranteed to the NPF?

MR. BURCHFIELD: Objection, it calls for speculation. It is speculative and I think there a number of components in the question that are contrary to fact.

BY MR. FRENKEL:

Q: I will try and rephrase it.

MR. BURCHFIELD: And I also think it's not, I don't understand the difference between that question and the one you were trying to get him to answer a few minutes ago.

BY MR. FRENKEL:

Q: You were aware, were you not, that as part of the -putting almost the ultimate goal of the loan guarantee- was

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that the NPF was going to pay some monies back to the RNC, is that correct?

A: That's correct.

Q: Did you know how, between May of 1994 and the date the loan guarantee transactions were signed, did you have any conversations with Mr. Fierce about how the RNC was going to use the monies it was going to receive from the NPF?

MR. BURCHFIELD: Objection, asked and answered. It calls for speculation. You may answer it, but again, Mr. Volcansek, if you can.

THE WITNESS: I still don't see how the question is any different than the one that I previously answered which is that it was to be used for the 1994 election cycle and that it was, you know, for those to assist their efforts in all of those races.

BY MR. FRENKEL:

Q: And all I'm trying to ask you is, following May 1994, the conversation that you testified about earlier this afternoon, did you gain any additional understanding-

A: I'm not aware of any.

Q: Just to complete my question. Any understanding from Mr. Fierce about the use of the monies?

A: I understand.

Q: Can I have your answer again.

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A: The answer is, I don't remember any.

MR. BURCHFIELD: We've been going for another hour, when you get to a good place for a break.

MR. PERRY: Let me ask, before we go off the record, Mr. Frenkel, do you have an expectation of how much longer we might be going here today? It's about 6:20 and we started about what, 4 o'clock?

MR. FRENKEL: As you know, Mr. Perry, at the beginning I promised I would try to be smooth, and I couldn't promise, correct I understand that I had discussions with Mr. Burchfield about Mr. Volcansek's schedule and I understand those considerations. I intend, we're trying to move towards the loan guarantee and I think we are discussing the loan guarantee and the events leading up to it and subsequent to it.

And we will try to move through those as expeditiously but as thoroughly as possible. And, so, I can't give you an exact time but I think we are in the area that has been asked about in many depositions and the committee is quite interested in this, especially this week when the committee conducts its hearings.

MR. PERRY: I don't disagree that we are in an area where the committee is investigating now. What I would just like to stress is that we are short on time before the actual hearing begins and I would like to recommend that we

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proceed as quickly as possible.

MR. BURCHFIELD: As we discussed, Mr. Frenkel,

over the last week or so, Mr. Volcansek came in last night and has spent the day preparing to be here today and it's been a long day for him. It is not our intention to close up shop and walk out of here at 7 but we don't have an expectation of going much beyond 7. And I think I've made that clear to you both orally and in writing but why don't we take a very short break now and come back and perhaps you can wrap up very quickly.

MR. FRENKEL: I can agree we can take a break.

[Recess.]

BY MR. FRENKEL:

Q: Mr. Volcansek, I could be wrong, I think, when before we broke we were in about July 1994, in terms of the loan guarantee transaction. Maybe it would just be best for you to summarize where things stood in early July or mid-July 1994 in terms of the loan guarantee and then we can proceed.

A: The-in early July we were anticipating that Ambrous Young was going to come to the U.S. and meet with Haley and that the purpose of that meeting was to have Haley say to Ambrous that his commitment to the National Policy Forum, meaning Haley's commitment to the National Policy Forum, it was to be explained what would happen in the, with

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the National Policy Forum, where it was going, what was going to happen and basically to give a comfort between Mr. Young and Haley.

Q: I may have lost a sense of the chronology, but this-

A: That was, you said, where were we going, I mean what was the direction? The answer was, where we were going is that we were in anticipation of that meeting.

Q: I'm sorry, I didn't mean to cut you off.

A: Go ahead.

Are you talking about, you know, what the prior-

MR. BURCHFIELD: Why don't you let him ask the question.

BY MR. FRENKEL:

Q: Yeah. Just to be a little clearer, for this discussion about Mr. Young coming to the United States to meet with Mr. Barbour, was that before or after your trip to Hong Kong?

A: Oh, it was after. I'm sorry.

Q: That's okay, I apologize because I lost the thread of the time. I'm sorry.

Maybe you could just go back then and discuss the trip to Hong Kong where you went, and met Mr. Young.

First of all, and correct me if I'm wrong, was that in June or July?

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A: I don't remember.

Q: And did you have to pay for that trip out of your own pocket or did the NPF pay for you to see Mr. Young in Hong Kong?

A: No, the NPF paid for that trip.

Q: Were you considered an employee of the NPF at the time of the trip to Hong Kong?

A: No, I was considered a consultant.

Q: Did you have any sort of formal contract with the NPF as a consultant?

[Witness shaking head side-to-side.]

BY MR. FRENKEL:

Q: You have to give an audible answer, sir.

A: No, I'm sorry.

Q: And was anyone else, when you went to Hong Kong to meet with Mr. Young did you, in fact, meet with Mr. Young?

A: Yes, I did.

Q: Was anyone else present besides you and Mr. Ambrous Young?

A: Dick Richards.

Q: Did you travel to Hong Kong with Mr. Richards?

A: No, I did not, met him there.

Q: Did Mr. Young have any note takers present for your meeting that you had with him and Mr. Dick Richards?

A: Yes, I believe he did.

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(1) Q: Did either you or Mr. Richards take notes of the
(2) meeting, as well, if you recall?
(3) A: I don't recall.
(4) Q: Do you recall how long the meeting lasted
(5) approximately?
(6) A: No. We were there for a couple of days.
(7) Q: Were you meeting with Mr. Young during each day
(8) you were in Hong Kong for that trip?
(9) A: No.
(10) Q: Other than the meeting you are testifying about,
(11) where you, Mr. Richards, Mr. Young and possibility a note
(12) taker were present, did you have any other meetings or
(13) conversations with Mr. Young or people who worked for Mr.
(14) Young on that trip to Hong Kong?
(15) I guess what, to specify, it's about the loan
(16) guarantee.
(17) A: I'm not sure.
(18) Q: Do you recall whether you made any presentation to
(19) Mr. Young at this meeting in Hong Kong?
(20) A: Yes. I talked with Mr. Young.
(21) Q: Do you recall what you told Mr. Young?
(22) A: I explained to Mr. Young about the National Policy
(23) Forum, I talked to him about the concept of the structure of
(24) what was needed to be done and the fact that the NPF needed
(25) to repay a loan and that a guarantee that he might provide

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(1) would facilitate the process of the NPF making a loan with a
(2) bank in Washington. And that his guarantee would allow for
(3) that loan to be made and that then the National Policy Forum
(4) would be allowed to be in a position to repay the RNC and
(5) the RNC would be able to use that money in the '94 election
(6) cycle.
(7) Q: Did Mr. Young ask you during that meeting, or if
(8) had other meetings during that trip to Hong Kong, about how
(9) the monies he was going to contribute would be protected
(10) under the guarantee?
(11) A: If you're asking how, meaning structure, the
(12) answer is, no. We did not get into the structure of his
(13) security.
(14) Q: Did you have any discussions whether or not you
(15) came to an agreement in that meeting or series of meetings
(16) while you were in Hong Kong about the concept of Mr. Young
(17) getting repaid for the monies he was going to put up for the
(18) loan guarantee?
(19) A: First of all, he wouldn't be repaid his monies.
(20) He would—they would release the collateral that was being
(21) held by the bank. And so there's a difference. I mean, it
(22) wasn't like somebody was repaying the monies. But what we
(23) discussed was that Haley Barbour was committed to seeing
(24) that the National Policy Forum succeed and that he was going
(25) to have an energetic campaign for raising funds to support

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(1) the National Policy Forum. And we discussed the National
(2) Policy-Haley Barbour's—therefore, the commitment that
(3) Haley had—therefore, the assurance that Mr. Young would
(4) have in seeing that his collateral was released
(5) Q: I will suggest I know nothing really about these
(6) commercial transactions despite having worked at a law firm
(7) that engages in a number of them. But when you use the
(8) phrase "released the collateral", does that mean or was it
(9) your understanding, in terms of this transaction, the loan
(10) guarantee, that monies besides those Mr. Young or his
(11) companies were going to be providing for the loan guarantee
(12) would be raised so that Mr. Young or his companies were
(13) going to have to forfeit any monies they were providing as a
(14) guarantee?
(15) MR. PERRY: I'm sorry. I don't follow that.
(16) Maybe it's because of my own limitations, but are you asking
(17) how the NPF was going to repay the Signet Bank loan?
(18) MR. FRENKEL: Maybe not quite that question. I
(19) confess, I mean, it's probably not clear because I'm not
(20) clear how this stuff works. But when you're using the
(21) phrase "released the collateral", did that mean that if Mr.
(22) Young deposited a certain amount of money as a certificate
(23) of deposit, which I think we can agree was in fact what
(24) happened for the loan guarantee—
(25) MR. BURCHFIELD: Posted. I think

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BY MR. FRENKEL:

(1) Q: Posted. I'm sorry. I don't know the right words
(2) to use. So whatever they are, I accept them—whether
(3) releasing the collateral meant that he would forfeit the
(4) amount posted as payment.
(5) A: Mr. Young posted collateral in the form of CDs.
(6) As a payment was made by the National Policy Forum to Signet
(7) Bank, CDs were released in the amount equal to the amount of
(8) the loan, the principal and the interest. And so once that
(9) portion of a loan had been paid, then Mr. Young had a CD
(10) returned to him that was proportionate to whatever the
(11) amount that was—of the payments. And I don't remember what
(12) those payments were.
(13) Q: At any time following that meeting with Mr. Young
(14) in June or July of 1994 until the loan guarantee transaction
(15) documents were signed on October 13, 1994, were you aware of
(16) any discussion about whether Mr. Young would forgive any of
(17) the loan payments that would have to be made to him pursuant
(18) to a loan guarantee?
(19) A: In July of '94?
(20) Q: Any time prior to October 13, 1994?
(21) A: No.
(22) Q: What happened as a result of your meeting with Mr.
(23) Young in Hong Kong? I think you testified that there was an
(24) expectation then that he would meet with Mr. Barbour; is

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(1) that right?
(2) A: That's correct.
(3) Q: And was that something Mr. Young expressed to you,
(4) or how did that come about?
(5) A: First of all, I want to go back and clarify a
(6) question that you asked a minute ago. You asked a minute
(7) ago if I met with anybody else, in other words, made other
(8) presentations while I was in with Mr. Young. And I've had a
(9) chance to think about that since I answered that question.
(10) The answer is yes, I made a presentation to the president of
(11) his company and to his children explaining what the
(12) transaction was about. The reason I wasn't sure is that I
(13) couldn't remember whether it was on that trip or a
(14) subsequent trip, and then I've since been thinking while
(15) you've been asking questions, and the answer is yes, I made
(16) a presentation and yes, the presentation was during that
(17) trip, and it was to the president of the company and to his
(18) children. Okay. Now go back and ask your other question.
(19) MR. PERRY: Before we go on, can we identify who
(20) the children are just so it's clear on the record, because
(21) there are a number of sons, I know.
(22) BY MR. FRENKEL:
(23) Q: Sure. Let's ask that question.
(24) A: Thanks a lot. [Laughter.]
(25) Q: As best you recall.

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(1) A: There's Loren, Steve and Alan—are the ones that I
(2) remember. There's also a daughter. I can't remember her
(3) name. She really wasn't present for the meetings, but
(4) Loren, Steve and Alan—and there are two other children, but
(5) they're not involved in the business.
(6) Q: Do you recall who the president of the company was
(7) who you recall meeting or giving a presentation to?
(8) A: Yeah. He's an American and he's no longer with
(9) Mr. Young, and I don't remember his name. I want to say
(10) McDonald, but I don't remember his name.
(11) Q: Following your return to the United States—
(12) actually, let me back up and go back to Hong Kong. I just
(13) want to go off the record for one second before I even ask
(14) the question.
(15) [The reporter read back the requested portion of
(16) the record.]
(17) BY MR. FRENKEL:
(18) Q: I thank the court reporter for refreshing our
(19) recollections. What happened after the meeting with Mr.
(20) Young or the presentations you made in Hong Kong relating to
(21) the loan guarantee?
(22) A: In Hong Kong?
(23) Q: No, following.
(24) A: Oh, following Hong Kong. Once I returned, I
(25) reported that Mr. Young had expressed a sincere interest,

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1 that I believed the transaction had the potential for making
2 it. Dick Richards concurred with that, and the real key was
3 that Ambrous-Mr. Young-had expressed his desire to meet
4 with Haley and that he wanted to hear Haley's commitment to
5 the National Policy Forum and his commitment to-that once a
6 loan guarantee of this nature was put together, that it
7 would have his support. Finally, Mr. Young wanted to
8 discuss the concept of how he would be involved in the
9 process at the National Policy Forum, going back to the
10 original questions that you've asked about this issue.

11 Q: In terms of what Mr. Young talked about in terms
12 of Mr. Barbour's support for the NPF, was that essentially
13 for Mr. Young to ensure that sufficient monies would be
14 raised by the NPF to pay off the collateral Mr. Young was
15 posting for the loan guarantee?

16 A: It was-the purpose was for Mr. Young to assure
17 himself that Mr. Barbour was going to assure that there were
18 enough funds to repay the loan, thus releasing the
19 collateral.

20 Q: Was there any discussion with Mr. Young in Hong
21 Kong about what might occur if Mr. Barbour or others were
22 not able to raise enough money for the National Policy Forum
23 to-and I forgot exactly the process you just described-but
24 raise the monies so that the collateral Mr. Young had posted
25 would be released?

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1 MR. PERRY: Is this the July '94 Hong Kong
2 meeting?

3 MR. FRENKEL: Yes. Yes.

4 THE WITNESS: There was no emphasis on the fact-
5 on Mr. Barbour's not being able to perform. The general
6 belief was that Mr. Barbour, if he said that he would do it
7 and gave the assurance that was satisfactory to Mr. Young,
8 that Mr. Young would accept that as being the answer that he
9 was looking for.

10 BY MR. FRENKEL:

11 Q: Did you have any understanding whether Mr. Ambrous
12 Young was relying on Haley Barbour's commitment as an
13 individual-in other words, his personal honor-that if Mr.
14 Barbour committed to something, that Mr. Young would believe
15 in Mr. Barbour's honoring that commitment?

16 MR. PERRY: You're asking what was in Mr. Young's
17 head?

18 MR. FRENKEL: I'm asking if Mr. Young said
19 anything about that or if he came to any understanding about
20 that.

21 MR. BURCHFIELD: It may be because it's getting
22 late. The questions are getting a little bit more
23 confusing, or maybe it's just the subject matter is getting
24 more difficult. I don't know. But the question is
25 confusing. Mr. Volcansek, do you understand it?

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1 THE WITNESS: No. Try rephrasing it, if you
2 would.

3 BY MR. FRENKEL:

4 Q: Sure. I'll try. Did you come to any
5 understanding as a result of that meeting in Hong Kong that
6 it would be important to Mr. Ambrous Young for Haley Barbour
7 to give a personal commitment to Mr. Young that funds would
8 be raised so that Mr. Young would receive sufficient monies
9 that collateral Mr. Young posted be released in a timely
10 manner?

11 MR. BURCHFIELD: Object to form.

12 THE WITNESS: Mr. Frenkel, I believe that I
13 answered that question a moment ago. That's why I was
14 confused just a moment ago. I believe I answered that in
15 saying that Mr. Young-then the intention was for Mr. Young
16 to come to Washington so that he personally could meet with
17 Mr. Barbour and that Haley would give him the assurances
18 from himself as opposed to hearing them from me, that Mr.
19 Barbour was committed as chairman of the National Policy
20 Forum to making those loan payments, thus releasing Mr.
21 Young's collateral.

22 BY MR. FRENKEL:

23 Q: So is it fair to say then yes, it was important to
24 Mr. Young to have Mr. Barbour's personal commitment?

25 MR. PERRY: Well, now, again, I think you're

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1 asking him to speculate about Mr. Young's frame of mind.
2 And, you know, if you want to talk about conversations he
3 had with Young, that's something different. I think maybe
4 you've already done that and maybe he's already answered
5 about that, so-

6 MR. BURCHFIELD: Yeah. Object, foundation.

7 BY MR. FRENKEL:

8 Q: Do you understand the question?

9 A: I understand the question, and if that's the
10 question, the answer is I don't know what his mind set was.

11 Q: Did you have any understanding whether, one, Mr.
12 Barbour would be making a commitment to Mr. Young, it would
13 be as chairman of the Republican National Committee in
14 addition to being the chairman of the National Policy Forum?

15 MR. BURCHFIELD: Object to form and foundation.

16 You can answer.

17 THE WITNESS: I believe that there's a letter to
18 the fact that Mr. Barbour committed, as chairman of the
19 National Policy Forum, to this process, and that should the
20 National Policy Forum not be able to meet its requirements,
21 that he would do everything in his power to assure that that
22 would be the case.

23 BY MR. FRENKEL:

24 Q: And we can get to that a little bit later. But do
25 you have any recollection as to whether there was a

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1 commitment made-then Mr. Barbour was chairman of the
2 Republican National Committee-would seek to have the
3 Republican National Committee guarantee the funds or go
4 through a process of guaranteeing the funds in the event the
5 National Policy Forum was unable to raise the monies
6 sufficient to have the collateral Mr. Young posted be
7 released?

8 MR. BURCHFIELD: Objection, asked and answered.

9 THE WITNESS: Say that again.

10 MR. BURCHFIELD: Asked and answered. You may
11 answer again, if you care to.

12 THE WITNESS: The answer is-again-that if you go
13 to the letter, I don't know of any promises made or
14 insinuated or in any form other than the letter that I'm
15 referring to that Haley Barbour wrote to Mr. Young in which
16 he stated in writing what his position was.

17 BY MR. FRENKEL:

18 Q: And what is your understanding of Mr. Barbour's
19 position?

20 A: Well, you are going to pull the letter out. I'll
21 be glad to-

22 Q: Do you have any recollection apart from my showing
23 you a document?

24 A: Yes.

25 Q: What is your recollection?

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1 A: My recollection is-is that Mr. Barbour committed
2 that should the National Policy Forum not be in a position,
3 that he would make his best efforts to assure that the loan
4 was repaid.

5 Q: And Mr. Barbour would make the effort as chairman
6 of the Republican National Committee?

7 MR. PERRY: Oh, now wait a minute, wait a minute,
8 wait a minute.

9 MR. FRENKEL: I'm asking him his recollection
10 apart from the document.

11 MR. PERRY: I know, and I'm sorry to interrupt
12 you. But it's getting late. It's about seven o'clock and I
13 think you've asked this question six times, if I have my
14 count right here. So I would really appreciate it if we'd
15 get on to the letter or something else.

16 MR. BURCHFIELD: Yeah. I don't think it's really
17 fair. He's asked to see the letter. I don't think it's
18 really fair for you to try to get him to characterize it in
19 a way that may be inconsistent with the letter.

20 BY MR. FRENKEL:

21 Q: Do you have a recollection apart from my showing
22 you what will be marked as Volcansek Exhibit 1 whether Mr.
23 Barbour committed, as chairman of the Republican National
24 Committee, to have funds repaid to Mr. Young pursuant to the
25 loan guarantee if the National Policy Forum was not able on

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(1) its own to have the monies repaid to Mr. Young?
(2) **MR. BURCHFIELD:** Same objection.
(3) **THE WITNESS:** My recollection is that Mr. Barbour
(4) wrote the letter on Republican National Committee letterhead
(5) and so therefore he must have been making the letter-or
(6) that he signed the letter as chairman. It was not on
(7) personal stationery.

BY MR. FRENKEL:

(8) **Q:** My question to you-I appreciate your answer-my
(9) question to you is what your understanding is.

(10) **MR. PERRY:** Well, you're not asking him to render
(11) a legal conclusion; are you?

(12) **MR. FRENKEL:** I'm asking him what his
(13) understanding was of Mr. Barbour's commitment, if he had
(14) any.

(15) **MR. BURCHFIELD:** Well, Mr. Volcansek, do you have
(16) an understanding? We seem to be beating around the bush on
(17) this quite a bit.

(18) **THE WITNESS:** My understanding is that he made a
(19) commitment both as chairman of the National Policy Forum and
(20) as chairman of the Republican National Committee.

BY MR. FRENKEL:

(21) **Q:** I've marked as Volcansek Exhibit 1 the letter
(22) dated August 30, 1994. It has previously been marked as
(23) Becker Exhibit 20.

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(1) [Volcansek Deposition Exhibit
(2) No. 1 marked for
(3) identification.]

(4) **BY MR. FRENKEL:**

(5) **Q:** Mr. Volcansek, have you ever seen-I'm sorry. If
(6) you haven't had a chance to review it, please take whatever
(7) time you need.

(8) **A:** Okay. I'm going to be late.

(9) **MR. BURCHFIELD:** Well, we're going to try to wrap
(10) up here. It's approaching seven. But take your time and
(11) review the letter.

(12) [Witness perusing the document.]

(13) **THE WITNESS:** Okay.

BY MR. FRENKEL:

(14) **Q:** Have you ever seen this letter before?

(15) **A:** Yes, I have.

(16) **Q:** And is Volcansek Exhibit 1 the letter on
(17) Republican National Committee letterhead with Haley
(18) Barbour's signature that you've just been testifying about?

(19) **A:** It appears to be so.

(20) **Q:** It appears to be. Do you know whether it is?

(21) **A:** It's minus part of the elephant, and I, you know,
(22) it looks to be like the letter that I saw.

(23) **Q:** Prior to the dinner meeting on or about August
(24) 30, 1994, between Haley Barbour, Ambrous Young, and others,

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(1) including you, did you know that Mr. Young would be
(2) transferring money from Hong Kong to guarantee the loan to
(3) the National Policy Forum?

(4) **MR. BURCHFIELD:** Object to form.

(5) **MR. PERRY:** I'm sorry. Which date?

(6) **MR. FRENKEL:** Prior to August 30.

(7) **MR. PERRY:** Okay.

(8) **THE WITNESS:** Yes.

BY MR. FRENKEL:

(9) **Q:** How did you learn that?

(10) **A:** I heard it from numerous sources. Benton Becker,
(11) Dick Richards, Steve Richards. I mean, it was common
(12) knowledge.

(13) **Q:** When was the first time you recall that Mr. Young
(14) would be transferring monies from Hong Kong to guarantee the
(15) loan to the National Policy Forum?

(16) **A:** I don't remember.

(17) **Q:** Do you recall with whom, if anyone, you shared
(18) that information, and the information is that the monies
(19) would be coming from Hong Kong that Mr. Young would be
(20) providing?

(21) **A:** I shared that information with Dan Denning, with
(22) Don Fierce, and with Haley Barbour.

(23) **Q:** Do you recall whether you shared the information
(24) that Mr. Young would be using funds from Hong Kong with Mr.

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(1) Denning, Mr. Fierce, and Mr. Barbour prior to August 30,
(2) 1994? And I'm saying August 30 because I believe that to be
(3) the date, more or less, when the dinner meeting at Sam &
(4) Harry's took place. I might be wrong by a day or two.

(5) **A:** August 30th?

(6) **Q:** 1994.

(7) **A:** No, I don't remember.

(8) **Q:** Do you recall when you first shared that
(9) information with Mr. Barbour?

(10) **A:** It would have been subsequent to that.

(11) **Q:** Do you recall when?

(12) **A:** No.

(13) **Q:** Do you recall whether you had informed Mr. Barbour
(14) that Mr. Young was using funds from Hong Kong to post
(15) collateral prior to the date that the loan guarantee
(16) transaction documents were signed, on or about October 13,
(17) 1994?

(18) **A:** Okay. You need to slow down and say that again.

(19) **MR. FRENKEL:** Would you re-read the question,
(20) please?

(21) **MR. PERRY:** There's some complications. I'm
(22) sorry. There's some complications here, too, because I'm
(23) not sure that you're representing the transaction exactly,
(24) correctly now because, obviously, there is a transaction
(25) among two corporate entities that I think is being lost in

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(1) this mix, aside from the bank and NPE.

(2) **MR. BURCHFIELD:** Mr. Frenkel, it is now a few
(3) minutes after 7:00. How much longer do you think you are
(4) going to have?

(5) **MR. FRENKEL:** We'll reluctantly try to wrap up in
(6) about 20 minutes, to try to keep it in about the
(7) three-and-a-half hours that we had discussed previously.

(8) **MR. BURCHFIELD:** Actually, we talked 4:00 to 7:00,
(9) but had it not been for the 23 minutes you spent on his
(10) Commerce days, we would probably be finished by now, but
(11) let's go forward.

BY MR. FRENKEL:

(12) **Q:** Prior to-

(13) **MR. BURCHFIELD:** We'll shoot to get out of here by
(14) 7:20.

BY MR. FRENKEL:

(15) **Q:** Prior to October 13, 1994, did you make Haley
(16) Barbour aware that Mr. Young would be transferring monies
(17) from Hong Kong that would be used to support the collateral
(18) used in the loan guarantee made to the National Policy
(19) Forum?

(20) **MR. BURCHFIELD:** Object to form.

(21) **THE WITNESS:** Yes, I did.

BY MR. FRENKEL:

(22) **Q:** Do you recall when you made Mr. Barbour aware?

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(1) **A:** No, I do not.

(2) **Q:** Do you recall the context in which you made Mr.
(3) Barbour aware of that?

(4) **A:** I believe that it was in a meeting that I was with
(5) Mr. Fierce and Mr. Barbour and Mr. Denning discussing this
(6) issue.

(7) **Q:** Do you recall where that meeting took place?

(8) **A:** At the Republican National Committee Headquarters.

(9) **Q:** At this meeting at the Republican National
(10) Committee Headquarters with you, Mr. Fierce, Mr. Denning,
(11) and Mr. Barbour, do you recall was that the first time that
(12) you were also informing Mr. Fierce and Mr. Denning that Mr.
(13) Young would be using monies from Hong Kong to guarantee or
(14) to post the collateral used in the loan guarantee to the
(15) National Policy Forum?

(16) **A:** I don't remember.

(17) **Q:** It couldn't-

(18) **MR. BURCHFIELD:** Object to form of that question,
(19) by the way Mr. Volcansek, if you will give me a moment to
(20) get an objection in.

BY MR. FRENKEL:

(21) **Q:** Is it possible that you would notify Mr. Denning
(22) of the use of Hong Kong funds to support the loan guarantee
(23) prior to the meeting at the Republican National Committee
(24) Headquarters with Mr. Barbour and others?

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A: Yes.
Q: Is it likely?
A: Yes.
Q: Did it happen?
MR. BURCHFIELD: Objection, asked and answered.
You can answer again.
THE WITNESS: Yes.
BY MR. FRENKEL:
Q: Do you recall when it happened?
A: No.
Q: What about the same question, just in terms of knowledge of Mr. Fierce? Do you recall whether you informed Mr. Fierce prior to this meeting at the RNC Headquarters with Mr. Barbour and others?
A: Yes.
Q: Do you recall when?
A: No.
Q: If I understand the transaction correctly of the loan guarantee, the Young Brothers Development USA purchased 11 certificates of deposit at Signet Bank which would be used as the collateral. Is that, more or less, a fair summary of the structure of the transaction?
MR. BURCHFIELD: Object to foundation.
THE WITNESS: I don't know the answer to that question.

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BY MR. FRENKEL:
Q: Do you know that certificates of deposit at Signet Bank were used as collateral for the quarterly payments due under the loan guarantee?
A: Yes, I do.
Q: Do you have any understanding as to who made the suggestion that Young Brothers Development USA purchased the certificates of deposit used in the loan guarantee transaction?
A: Yes.
Q: Who was that?
A: Excuse me?
Q: Who was that, sir?
A: Excuse me. I'm sorry. I thought the question was did I know that Young Brothers Development USA posted the purchased the certificates.
Q: I'm sorry.
A: The answer was yes, I did know that they purchased the certificates.
Q: My question, maybe, wasn't clear. I was asking you do you know who made the suggestion or decision that Young Brothers Development USA as opposed to any other individual or entity would be the entity to purchase the certificates of deposit or to post the certificates of deposit used in the loan guarantee transaction.

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MR. BURCHFIELD: Object to form and foundation.
THE WITNESS: No.
BY MR. FRENKEL:
Q: Did you have any understanding either then or that you developed later as to why Young Brothers Development Limited, the Hong Kong parent company of Young Brothers Development USA, was not the entity to purchase the certificates of deposit used as collateral?
A: Would you ask the question again?
Q: Sure.
MR. FRENKEL: Could you re-read the question, please?
[The Reporter read back the requested portion of the record.]
THE WITNESS: No.
BY MR. FRENKEL:
Q: Did you have any understanding prior to October 13, 1994, about whether it would be legal for Young Brothers Development Hong Kong to purchase the certificates of deposit used as collateral in the loan guarantee of the National Policy Forum?
MR. BURCHFIELD: Object to foundation.
THE WITNESS: I don't know.
BY MR. FRENKEL:
Q: Was there any discussion that you became aware of

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prior to October 13, 1994, about which of the Young Brother entities would purchase the certificate of deposits used as collateral? And it doesn't necessarily have to be a certificate of deposit. Whatever collateral instrument was going to be used.
A: Ask the question again.
[The Reporter read back the requested portion of the record.]
MR. BURCHFIELD: Object to form.
THE WITNESS: There was discussion about which entity.
BY MR. FRENKEL:
Q: Who was involved in those discussions, as best as you recall?
A: I don't remember.
Q: Were you involved in those discussions?
A: I'm privy to the discussions. I don't remember who was involved in them.
Q: How did you learn of the discussions? From whom did you learn about them?
A: I don't remember.
Q: Do you have any recollection whether this was before October 13, 1994?
A: Yes.
Q: Do you have any recollection as to how much prior

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to October 13, 1994, you became privy to these discussions?
A: My recollection was that I had discussions with Benton Becker and with David Norcross on this issue, and all I remember is that they decided--you know, my--my recommendation was they should work it out; that it was at this point to go back to discussions that we had in Don Fierce's yard back in April that we wanted this to be done legally, appropriately, and ethically, and so, therefore, the instructions to Mr. Becker, Mr. Norcross, and the other lawyers was to structure it in such a form as to it would meet the criteria.
And how it ended up, once the commitment was made to making the transaction, I took a significantly reduced role because I wanted to assure myself that this was done appropriately, and so, therefore, Mr. Norcross and Mr. Becker worked with the counsel for the bank and for the counsel for the National Policy Forum, and, you know, it was a Cecil B. De Mille production of lawyers.
Q: Do you know that Mr. Norcross was a lawyer, if not--if you didn't know if he was general counsel, did you know he was a lawyer for the Republican National Committee?
A: Yes, I did.
Q: Did you know that in the transaction that he was attempting to represent the interest of the Republican National Committee? What I mean by that, he wasn't just

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some attorney that someone was calling for advice, but he was actually representing the RNC in terms of the transaction.
MR. BURCHFIELD: Object to form and foundation.
Are you asking him if he knows who Mr. Norcross was representing during this period of time?
BY MR. FRENKEL:
Q: The question is, did you know Mr. Norcross was representing the RNC for purposes of the loan guarantee transaction, and that is why Mr. Norcross was involved in any discussions or consultations?
A: I knew that Mr. Norcross was the general counsel of the Republican National Committee.
MR. PERRY: Did you ever speak directly to Mr. Norcross?
THE WITNESS: Yes, I did.
BY MR. FRENKEL:
Q: Did there come a time when you received a commission for your efforts in getting the loan guarantee from Young Brothers Development?
A: I never received a single cent as it related to this transaction in any of its form, at any time, at any place.
Q: Returning for a minute--I will get back to that--did you understand in the discussion about which

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[1] Young Brothers entity would guarantee the loan transaction,
[2] was there any discussion about whether it would be
[3] appropriate for Young Brothers Development of Hong Kong to
[4] guarantee the transaction?

[5] **MR. BURCHFIELD:** Objection, asked and answered.

[6] **THE WITNESS:** I feel like I've answered that
[7] question. The answer is there were discussions about how
[8] this was to be done. I didn't care as long as it was worked
[9] out appropriately and legally and that the lawyers set it up
[10] to be done appropriately. I felt that my mission and
[11] responsibility had been completed. Once it was agreed to in
[12] the matter, it was up to the lawyers to make sure that it
[13] was done properly.

[14] **BY MR. FRENKEL:**

[15] **Q:** Were you involved in any discussions where it was
[16] discussed that it might be inappropriate for Young Brothers
[17] Development Hong Kong to guarantee the loan to the National
[18] Policy Forum?

[19] **A:** It was my understanding from day one that it was
[20] appropriate for a foreign entity to contribute, donate, loan
[21] or put a loan guarantee for the National Policy Forum, and
[22] again, I remind you of the fish bowl that we were all
[23] concerned about that at some day people would, such as we
[24] are right this minute doing, looking back on the
[25] transaction, talk about *deja vu*, and we said let's make sure

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[1] that it is done exactly right and in accordance with the law
[2] and that it is appropriate, and I was assured by the Cecil
[3] B. De Mille production of lawyers that we just discussed
[4] that this was the case.

[5] **Q:** Given your understanding, do you have any
[6] understanding, then, as to why it was that the American
[7] subsidiary of Young Brothers Development rather than the
[8] parent corporation of Hong Kong--

[9] **A:** No.

[10] **Q:** --had guaranteed the--guaranteed the loan to the
[11] National Policy Forum?

[12] **MR. BURCHFIELD:** Objection. I think he has
[13] answered that, Mr. Frenkel, a number of different times. We
[14] are now at 7:17. I hope you are wrapping up. I don't know
[15] if Mr. Perry has any questions or not, but Mr. Volcansek
[16] does have an engagement he needs to get to, operating in
[17] reliance upon our earlier schedule.

[18] **BY MR. FRENKEL:**

[19] **Q:** Can you answer the question, please, sir?

[20] **THE WITNESS:** Again?

[21] [The Reporter read back the requested portion of
[22] the record.]

[23] **THE WITNESS:** No.

[24] **BY MR. FRENKEL:**

[25] **Q:** There came a time, did it not, where you were

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[1] hired by the National Policy Forum as a fund-raiser?

[2] **A:** That is correct.

[3] **Q:** Did you receive a written contract from the NPF?

[4] **A:** That is correct.

[5] **Q:** Is it correct that the terms of the contract were
[6] that you were to receive \$5,000 a month?

[7] **A:** For six months.

[8] **Q:** For six months. Is that correct, though, that the
[9] amount is correct?

[10] **A:** That is correct.

[11] **Q:** Did the amount depend on your success in actually
[12] bringing in contributions to the NPF?

[13] **A:** No, that's not correct. What is--that is not
[14] correct.

[15] **Q:** When did this contract with the NPF take place?

[16] **A:** Several months after this particular transaction
[17] and after I had been involved and had been asked to help
[18] raise funds for the National Policy Forum and that I was
[19] being asked for a heavy commitment of time and effort on
[20] fund-raising and in policy assistance, and I said that I
[21] would need to be compensated for the amount of time and
[22] effort that I have put into this, and an agreement was that
[23] I would be paid for six months, \$5,000 a month.

[24] If I brought in additional--in other words,
[25] brought in funds, then there was to be a bonus situation in

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[1] which I would be compensated additional monies for--that had
[2] been raised.

[3] **Q:** Do you recall what that bonus structure was,
[4] whether it was a percentage or something like that?

[5] **A:** It was a percentage.

[6] **Q:** Do you have any recollection, as you sit here,
[7] what that percentage was?

[8] **A:** No.

[9] **Q:** I'm sorry?

[10] **A:** No. They didn't make the last payment. So, I
[11] mean, I don't remember.

[12] **Q:** I'll try to wrap up just--

[13] **A:** It was irrelevant.

[14] **Q:** --one subject area. Did you come to learn after
[15] October 13, 1994, that the National Policy Forum intended to
[16] default on the loan guarantee, on its payments under the
[17] loan guarantee?

[18] [The Reporter read back the requested portion of
[19] the record.]

[20] **THE WITNESS:** Yes.

[21] **BY MR. FRENKEL:**

[22] **Q:** When did you learn that?

[23] **MR. BURCHFIELD:** I note it is 7:21, Mr. Frenkel.

[24] I will give you a few more minutes.

[25] Mr. Perry, did you expect to have some questions?

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[1] **MR. PERRY:** Maybe three minutes.

[2] **MR. BURCHFIELD:** Okay.

[3] **THE WITNESS:** I don't remember when.

[4] **BY MR. FRENKEL:**

[5] **Q:** Was it prior to the actual default by the National
[6] Policy Forum? What I mean by that is the date on which the
[7] National Policy Forum failed to make a payment to Signet
[8] Bank under the loan guarantee?

[9] **A:** I don't know the answer to that question.

[10] **MR. FRENKEL:** We can go off the record for one
[11] second.

[12] [Discussion off the record.]

[13] **BY MR. FRENKEL:**

[14] **Q:** How do you recall learning that the NPF was going
[15] to default on the loan guarantee?

[16] **A:** I don't specifically remember who told me,
[17] but--no, I just don't specifically remember.

[18] **Q:** Since--

[19] **A:** No, I take that back. I do, too, remember. I
[20] learned that from Steve Richards.

[21] **Q:** Do you recall when you learned that from Steve
[22] Richards?

[23] **A:** No.

[24] **Q:** Since January 1, 1995, have you had any
[25] conversations with either Benton Becker or Richard Richards

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[1] about the default by the National Policy Forum on the loan
[2] guarantee?

[3] **A:** Yes.

[4] **Q:** Did you have any discussions with Mr. Becker or
[5] Mr. Richards since January 1, 1995 about whether the
[6] Republican National Committee would provide the monies under
[7] the loan guarantee that were not paid by the National Policy
[8] Forum?

[9] [The Reporter read back the requested portion of
[10] the record.]

[11] **MR. BURCHFIELD:** Objection as to form. That's a
[12] garbled question. Mr. Volcansek, you can answer it if you
[13] understand it.

[14] **THE WITNESS:** It's not a clear question. I'd
[15] appreciate it if you'd rephrase the question.

[16] **BY MR. FRENKEL:**

[17] **Q:** Sure. Let me try and rephrase it. You understood
[18] that the NPF defaulted on the loan guarantee, did you not?

[19] **A:** Yes.

[20] **Q:** You also understood that there were monies owing
[21] to Young Brothers Development USA under the loan guarantee
[22] because of the NPF default?

[23] **A:** Yes.

[24] **MR. BURCHFIELD:** Objection. Understood that there
[25] were monies owed to Signet as a result of the loan

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agreement-

THE WITNESS: That's right.

MR. BURCHFIELD: -which the collateral was used to pay. I think you said money owed to Young Brothers as a result of the loan. It's getting late. This is exactly what I had hoped to avoid. Perhaps, Mr. Frenkel, you can have-as Mr. Volcansek spills water all over himself-you can rephrase your question.

BY MR. FRENKEL:

Q: You understood, did you not, that because of the default by the NPF, there were still monies owing under the loan guarantee?

A: Yes.

MR. BURCHFIELD: Monies owing under the loan agreement, not the loan guarantee. The loan guarantee is not a source of any obligation to-

THE WITNESS: That's correct.

MR. BURCHFIELD: Okay. Let's try to wrap up because I think everyone is getting tired, and with all due respect, I know the difficulty it is at this late hour to try to phrase questions in a complex area, but I don't want the record to be completely fouled up.

BY MR. FRENKEL:

Q: Did you have any discussions with Mr. Becker or Mr. Richards about whether the Republican National Committee

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would contribute the monies still left owing under the loan-

MR. BURCHFIELD: Agreement.

BY MR. FRENKEL:

Q: -documents? Loan agreement.

MR. BURCHFIELD: Do you understand that question?

THE WITNESS: If the question was did I understand that there was still money owing to the loan-on the loan to Signet Bank, the answer is yes, I understood there was money still owing to Signet Bank.

BY MR. FRENKEL:

Q: That was the earlier question. My question just now as whether you had discussions with Mr. Becker or Mr. Richards about whether the Republican National Committee would make any payments still left owing under the loan agreement.

A: I had discussions with Mr. Becker and Mr. Richards as it related to their requesting that the Republican National Committee consider that the loan be repaid.

Q: Did you have any discussions with Mr. Barbour on the topic of whether the Republican National Committee would make payments on any amounts still left owing under the loan agreement following the default of the National Policy Forum?

A: At this time, I had no discussions with Mr.

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Barbour.

Q: I didn't necessarily mean at that time. Did you ever have discussions with Mr. Barbour about whether the RNC would make any payments to the entity entitled to payments under the loan agreement following the default of the National Policy Forum?

A: Yes.

Q: When did you have those discussions?

A: I don't remember.

Q: Was it sometime after January of 1995?

A: I don't specifically remember at this time.

MR. FRENKEL: All right. I think I will stop here. I understand Mr. Perry has some questions. I will note that I could ask more questions and would like to, but I did agree with you, Mr. Burchfield, that given Mr. Volcansek's schedule, we would try to limit it, and I know your view of whether I did or didn't, but I did try.

I also will note for the record that we appreciated Mr. Volcansek coming here. I know he had previously followed here when we thought we were going to be taking a deposition earlier in the month, and this schedule was changed at the last minute and had an inconvenience to Mr. Volcansek which was one of the reasons we agreed-I agreed with Mr. Burchfield to limit the deposition. So I would just note that, and appreciate your indulgence coming

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here in Washington, D.C., twice for a deposition.

With that, I will turn it over to Mr. Perry.

EXAMINATION BY COUNSEL FOR THE MAJORITY
BY MR. PERRY:

Q: I have a couple of quick questions for you. Did there come a time when you traveled to Beijing and met with Haley Barbour or Ambrous Young in Beijing?

A: Yes.

Q: Can you tell me when that was?

A: It was, I believe, in early 1996.

Q: During the time that you were in Beijing with either of those individuals, did you witness any discussions between them relating to any business in China or elsewhere?

A: Would you rephrase the question?

Q: Let me read a piece of a deposition transcript taken of Mr. Young.

Question: "During that China trip or any other time, did you discuss business opportunities for any of the Young Brothers companies with Haley Barbour?"

Answer: "No, nothing at all."

Do you have any information that might contradict that in any way?

A: No.

MR. FRENKEL: Mr. Perry, just for a clarification-I know you usually don't interrupt me and I

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usually don't interrupt you-the portion of Mr. Young's transcript you read, was that Mr. Young referring to his phone conversations? Was he referring to Mr. Volcansek's conversations? I just wasn't clear.

MR. PERRY: Well, it is at page 85. So you can take a look at the transcript.

MR. BURCHFIELD: I thought it was a reasonably clear question. Why don't we move on so Mr. Volcansek can leave.

MR. PERRY: Actually, I am not going to ask any further questions at this point.

MR. BURCHFIELD: Great.

MR. FRENKEL: I have nothing further with that.

On behalf of Mr. Perry and my associates, we thank you again for coming today and testifying.

MR. BURCHFIELD: You will let us know when you expect Mr. Volcansek to appear before the Committee, if that is still your intention, and I take it that he does have the opportunity to review and sign the transcript if he comes up here to do it?

MR. FRENKEL: Yes. Let's just go off the record for a second.

[Discussion off the record.]

MR. FRENKEL: Mr. Burchfield and I, of course, in the presence of Mr. Perry discussed the arrangements with

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the transcript, and I believe Mr. Burchfield is comfortable with the procedure or at least is aware of the procedure with that.

We thank you again for coming here, Mr. Volcansek, and we are concluding for today.

[Whereupon, at 7:34 p.m., the deposition was adjourned.]

(8)

[illegible]

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SECRET

CERTIFICATE OF DEPONENT

I have read the foregoing _____ pages which contain
the correct transcript of the answers made by me to the
questions therein recorded.

* * *

Subscribed and sworn before me this
_____ day of _____, 19 _____

Notary Public in and for

My commission expires _____

CERTIFICATE OF NOTARY PUBLIC

I, THOMAS C. BITSKO, the officer before whom the foregoing deposition was taken, do hereby testify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me stenographically and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by and of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto nor financially or otherwise interested in the outcome of the action.

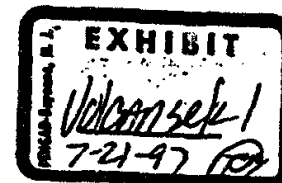
**THOMAS C. BITSKO**

Notary Public in and for
the District of Columbia

My commission expires: June 30, 1998

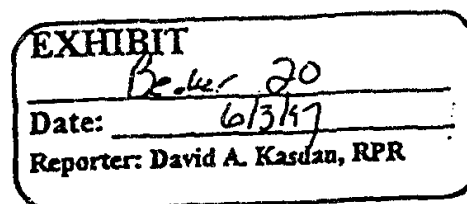
**Republican
National
Committee**

**Halley Barbour
Chairman**



August 30, 1994

**Mr. Benton Becker
Kendar Building
Suite 215
1550 Madruga Avenue
Coral Gables, Florida 33146**



Dear Benton:

It is my understanding one of your clients — a domestic corporation — is considering guaranteeing a \$3.5 million bank loan to the National Policy Forum (NPF).

As you know the Republican National Committee has loaned NPF over \$2 million since last summer. Currently, NPF has just under \$2 million in pledges and renewals, primarily due later this year and in 1995, as compared to a balance outstanding to the RNC of approximately \$2.1 million. RNC has never asked NPF to secure its loan by giving the receivables as collateral, but I am certain NPF would gladly pledge them to the lender and/or guarantor.

Because NPF is separate from the Republican National Committee, the RNC is not automatically responsible for its debts. Nevertheless, I am committed to making sure NPF raises sufficient funds to cover its operations and to pay off any and all its debts. Moreover, as Chairman of the RNC, in the event NPF defaults on any debt, I will ask the Republican National Committee to authorize me to guarantee and pay off any NPF debts. I am confident the RNC would grant me such authority at its next meeting, provided there is valid, outstanding debt of NPF to a U.S. bank or other lending institution, guaranteed by a U.S. citizen or domestic corporation.

Mr. Benton Becker

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August 30, 1994

The full Republican National Committee supports the work of the National Policy Forum and recognizes its great value to our country and our party's future.

Sincerely,



Haley Barbour
Chairman